

# CURRENT AND PROJECTED NATIONAL SECURITY THREATS TO THE UNITED STATES AND ITS INTERESTS ABROAD

Y 4. IN 8/19: S. HRG. 104-510

Current and Projected National Secu...

## HEARING BEFORE THE SELECT COMMITTEE ON INTELLIGENCE OF THE UNITED STATES SENATE ONE HUNDRED FOURTH CONGRESS

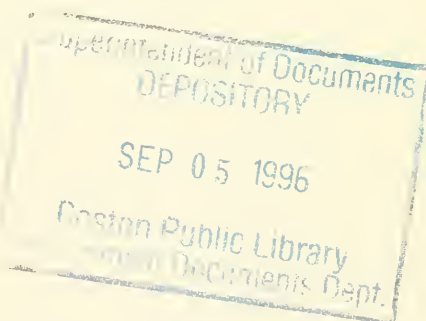
SECOND SESSION

ON

CURRENT AND PROJECTED NATIONAL SECURITY THREATS TO THE  
UNITED STATES AND ITS INTERESTS ABROAD

THURSDAY, FEBRUARY 22, 1996

Printed for the use of the Select Committee on Intelligence



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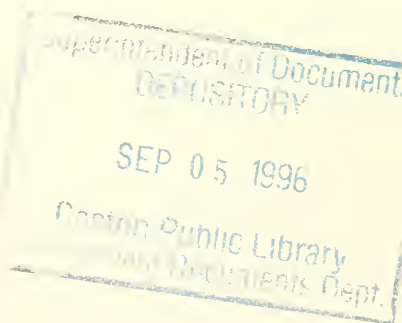
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# CURRENT AND PROJECTED NATIONAL SECURITY THREATS TO THE UNITED STATES AND ITS INTERESTS ABROAD

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THURSDAY, FEBRUARY 22, 1996

U.S. SENATE,  
SELECT COMMITTEE ON INTELLIGENCE,  
*Washington, DC.*

The Select Committee met, pursuant to notice, at 9:33 a.m., in room SD-106, Dirksen Senate Office Building, the Honorable Arlen Specter (chairman of the committee) presiding.

Present: Senators Specter, Kerrey of Nebraska and Robb.

Also Present: Charles Battaglia, Staff Director; Chris Straub, Minority Staff Director; Suzanne Spaulding, Chief Counsel; Kathleen McGhee, Chief Clerk; and Don Mitchell, Professional Staff Member.

Chairman SPECTER. The Intelligence Committee hearing will proceed. Today we will be hearing from the director of Central Intelligence, Dr. John Deutch. We also have with us Lieutenant General Pat Hughes, Director of the Defense Intelligence Agency, and Toby Gati, Assistant Secretary of State for Intelligence and Research.

The hearings today are our first in 1996, which marks the 20th year that the Senate Select Committee on Intelligence will have been in existence. And with the end of the cold war, there has been considerable speculation and discussion about the need for intelligence with the end of the cold war and the demise of the Soviet Union. As I look over the subject matters which are on the agenda today, they are numerous and critical: The question of India and Pakistan and their nuclear programs; issues about the potential confrontation between China and Taiwan; the question about Iran's nuclear weapon capability; the recent return of Saddam Hussein's sons-in-law to Iraq; the question of the proliferation of nuclear weapons by the Chinese and what are the appropriate sanctions to be imposed by the United States; the monitoring of the North Korean framework agreement; the expanding Intelligence Committee role in counternarcotics; the critical issues facing the United States in our relationship with Mexico on the impact of the drug trade; current developments in Colombia with the president of Colombia being under serious questioning, to put it mildly; the mounting problems of economic espionage; the generalized problems of the ballistic missile threat to the United States; intelligence support for the War Crimes Tribunal, a very important subject; and other issues of importance, such as the allegation recently or disclosure of a Department of Defense memorandum about ethnic spying in the United States, and the questions recently of national concern about

the use by the Intelligence Community of newsmen or clergy. All of those issues are matters of enormous concern, so that in my mind there's no doubt about the need for a very active Intelligence Community for the United States.

We confront at the same time very serious issues about the operation of the U.S. Intelligence Community, whether the Director of Central Intelligence has sufficient authority. We're about to have a report by a commission headed by former Secretary of Defense Brown. This committee has been working on possible structural changes in the defense community. Problems are continuing on our agenda, arising out of the Aldrich Ames situation, the dissemination of materials from tainted sources, the questions recurrent in Guatemala and other locales about the propriety of activities by our intelligence-gathering agencies, all in a context where intelligence gathering is vital. We don't want to tie the hands of our intelligence gatherers, but the overall comportment has to be within the context of the ethics and morality of a democracy, the United States of America.

I have a more extensive statement which will be placed without objection in the record, and at this time I yield to the distinguished Vice Chairman, Senator Kerrey.

[The statement of Chairman Specter follows:]

#### OPENING STATEMENT OF CHAIRMAN ARLEN SPECTER

The Committee meets publicly today to hear the Director of Central Intelligence's views on the current and projected national security threats to the United States. These threats play an important role in defining our country's foreign policy—they form the foundation for all our military, foreign policy, and economic planning. It is therefore essential that the Intelligence Community provide our nation's policymakers with the most accurate and timely assessment of these threats as possible.

When I first came to the Senate 15 years ago, this oversight committee was still in its infancy. At that time, the U.S.-Soviet military and political rivalry was the prism through which American policymakers viewed most—if not all—national security issues. Needless to say, times have changed. The cold war *is* over—and with it, the underlying assumptions that have guided America's national security infrastructure for almost half a century. Yet despite the fact that the Berlin Wall was torn down years ago, the U.S. national security establishment is still in the process of redefining its mission and readjusting its effort at other growing threats such as the proliferation of weapons of mass destruction, the spread of illicit narcotics, and terrorism.

Along with this dilemma, the Intelligence Community is increasingly being forced to justify its budget—and therefore its role—in public. This pressure for greater openness will persist for a long time to come. And this, I believe, is as it should be. To the fullest extent consistent with the protection of sensitive sources and methods, Americans should be made aware of what the Intelligence Community is capable of accomplishing. This public hearing is conducted in this spirit of educating the American public about the vital role intelligence plays.

1996 is also the 20th anniversary of the creation of the Senate Select Committee on Intelligence. And it is clear that the SSCI has firmly established its oversight role within the Senate, carrying out its mission of serving as the Senate's surrogate in dealing with the Intelligence Community. It is fitting, therefore, that this year the Committee is taking on one of its most significant jobs ever—a reassessment of the roles and missions of the U.S. Intelligence Community. Public confidence in the Intelligence Community has been shaken by recent issues such as the Aldrich Ames espionage case, past CIA activities in Guatemala, and the carry-forward funds of the National Reconnaissance Office—to name a few. This year the Committee will seek to strengthen the accountability of the Intelligence Community as well as ensure that the Director of Central Intelligence has the necessary authority to effectively manage the Intelligence Community.

Director Deutch will read his statement, and then we will open the session to 5-minutes of questions from each Member of the Committee. We are also pleased to have with us today Lt. General Patrick Hughes, the new Director of the Defense

Intelligence Agency, and Assistant Secretary of State for Intelligence and Research (INR) Toby Gati—providing their organizations' perspectives on the current and projected threats to U.S. national security. They have both submitted written testimony to the Committee, and we will invite them to the witness table at the conclusion of Director Deutch's appearance to respond to Member questions. General Hughes and Secretary Gati, thank you for joining in today's hearing.

Vice Chairman KERREY. Thank you, Chairman Specter. I will do the same, include a statement in the record, and pass along to you, Mr. Deutch, my condolences for the loss of your father, whose life really not only was an exemplary one, but speaks a great deal about the changes that we face in this century and the challenges that we face in this century, and the success that we've had in this century meeting those challenges.

I'm impressed by all three testimonies. I must say I'm particularly impressed and look forward to having an opportunity to follow on some questions of the new Director of the Defense Intelligence Agency, new three-star general, Pat Hughes. The purpose of having you all come before us is to, both in written and oral form, describe to us your view, based upon your experience, what you see the threats to be, what you see the challenges to be, and how you think we need to organize the efforts in order to protect safety and health of the people of the United States of America. I appreciate your making that effort, and I look forward to your testimony.

[The statement of Vice Chairman Kerrey follows:]

#### STATEMENT OF VICE CHAIRMAN KERREY

Thank you, Mr. Chairman. I second your welcome to Director Deutch and add my condolence, Mr. Director, for the loss of your father. Welcome, also, to our other witnesses, Secretary Toby Gati and General Pat Hughes, who is now wearing a third star with accompanying new responsibilities. Congratulations, Pat.

This annual review of the threats is probably our most important hearing. This committee authorizes intelligence activities for the purpose of warning about and countering threats to the Nation's life and to the lives and livelihoods of Americans. We need to hear the Intelligence Community's expert view on what those threats are, so we can allocate resources in terms of the threats. We conduct this hearing in the open because the American people also need to hear about the threats. Americans need to know so they can share their government's knowledge of the world environment. Americans need to know because they pay for the intelligence agencies. They need to evaluate how necessary these agencies are in a world filled with both opportunity and danger.

The intelligence process may work largely in secret, but it still depends on the confidence and support of a public which is increasingly skeptical about intelligence. The absence of an adversary like the old Soviet Union makes intelligence and secrecy seem less urgent. I attribute the outrageous number of leaks of classified information to this attitude. The country's preoccupation with domestic affairs also makes intelligence a hard sell, and the seemingly constant litany of scandals and management failures further erodes confidence. Now, with the brown commission report about to be released and both oversight committees about to take up reform proposals, the intelligence function of this government is approaching a very significant crossroads.

I can only justify the cost and the secrecy of intelligence one way: by examining the world in which America must lead and must protect herself. If our leaders need sensitive information from secret sources to chart America's course in the world, and if our military commanders need secret information from sensitive sources to defend us, then I can justify intelligence and I can justify secrecy. Citizens will ask me and my colleagues to make that justification in the context of today's world and today's threats, not the vanished world in which our security structures evolved. That is why this hearing is so important.

Thank you, Mister Chairman.

Chairman SPECTER. Thank you very much, Senator Kerrey. Senator Robb, would you care to make an opening statement?



Senator ROBB. Thank you, Mr. Chairman.

I will only say that I, too, share in the expression of condolence to the Director. I suffered a similar loss not too long ago, and I certainly understand. We thank you for coming today. Obviously, the worldwide threats that you are going to address are of enormous interest. Not all of them can be addressed in the detail that we might like to pursue here, in open session. But I think this is a valuable opportunity for us to hear some of those concerns at least in a preliminary fashion. I thank you for appearing, particularly under the circumstances.

Thank you, Mr. Chairman.

Chairman SPECTER. I join my colleagues in expressing our appreciation for your appearance here today. We know your work schedule and we had made available whatever time you saw fit. But we do appreciate your coming in as planned because there's a great deal that we have to look forward to in the days ahead. So the floor is yours, Dr. Deutch. Your full statement will be made a part of the record and you may proceed as you see fit.

Director DEUTCH. Well, thank you very much, Mr. Chairman. And thank you, Senator Kerrey and Senator Robb, for your expressions of sympathy. I want you to know, all of you, the tremendous personal gratitude that I have for the sympathy that has been expressed to me by the Chairman, by the members of this committee, in the matter of the passing away of my father, who was a great and wonderful man.

#### STATEMENT OF DR. JOHN DEUTCH

Director DEUTCH. I'm here today to outline the threats to the United States and its interests, now and into the next century. The post-cold war presents great challenges; greater challenges than we might have expected during the cold war. There are serious threats to our interests and great uncertainty beyond our borders. In many regions of the world, stability is threatened. There's ethnic turmoil and humanitarian crisis; for example, in Bosnia and Rwanda. Two great powers, Russia and China, are in the process of change, and we must watch their evolutions closely. Free nations of the world are threatened by rogue states—Iran, Iraq, North Korea, and Libya—that have built up significant military forces and seek to acquire weapons of mass destruction; nuclear, chemical, and biological. There is a growing threat to our nation from international terrorism, from drug trafficking and crime.

Mr. Chairman, I would like to divide my presentation into two parts: first, a very brief description of near-term concerns we face throughout the world; then, I would like to briefly mention some longer-term concerns, and explain what we in the Intelligence Community are doing about them. In the interests of time, I will not cover every issue. I would like to submit my written testimony for the record, for a more complete discussion.

Chairman SPECTER. Your written testimony will be made a part of the record, without objection. Dividing your testimony, as you see fit, is fine, Director Deutch.

[The statement of Director Deutch follows:]

## PREPARED STATEMENT OF JOHN DEUTCH

Mr. Chairman, I am here today to outline the threats to the United States and its interests now and into the next century.

We still call this the post-cold war world. Among the opportunities and challenges of our time, there is not yet one dominant enough to define the era on its own terms and give it a name. Looking beyond our borders, we see much that is uncertain:

- The stability of many regions of the world is threatened by ethnic turmoil and humanitarian crises.
- Two great powers, Russia and China, are in the process of metamorphosis and their final shape is still very much in question.
- Free nations of the world are threatened by rogue nations—Iran, Iraq, North Korea, and Libya, that have built up significant military forces and seek to acquire weapons of mass destruction.
- The world community is under assault from those who deal in proliferation of weapons of mass destruction, terrorism, drugs and crime.
- And the interdependence of the world economy has made us more vulnerable to economic shocks beyond our borders.

The strategic threat to our continent is reduced, but the potential for surprise is greater than it was in the days when we could focus our energies on the well-recognized instruments of Soviet power.

No one challenge today is yet as formidable as the threat from the former Soviet Union. If nurtured by neglect on our part, these new challenges could expand to threaten the growth of democracy and free markets. All the tools of national security—diplomacy, the military, and intelligence—must remain sharp.

It is the task of the Intelligence Community to provide policymakers and military commanders with early warning of emerging problems—warning that can allow us to avoid crisis or military conflict. We must continuously monitor and assess the threats so that our leaders can manage them wisely. It is also our responsibility, as the nation's first line of defense, to help counter emerging threats so that the next generation does not confront them in a vastly more dangerous and intractable form. Mr. Chairman, the mission of intelligence is clear.

## WORLD SURVEY

I would like to highlight some countries of the world that are currently of concern to the United States. Because of limited time and the unclassified nature of this briefing, this is not meant to be a comprehensive list.

*The Indian Subcontinent.* The relationship between India and Pakistan continues to be unsatisfactory and the potential for conflict is high. Each of these nations possess nuclear capability, so every effort must be made to avoid military confrontation. India is making preparation for a nuclear test, and we assume that if one nation conducts a test, the other will follow. We are especially concerned about Pakistani efforts, some in cooperation with China, to acquire nuclear technology.

*China.* China is emerging as a major economic, political, and military actor in East Asia and the world in the next decade; but, we still know very little about Beijing's future leadership and intentions.

Deng Xiaoping, at the age of 91, is in frail health and no longer involved in daily decisionmaking. Power has largely passed to a new generation of leaders in their sixties. No single leader, however, including President and party chief Jiang Zemin, appears in a position to dominate the Chinese political scene as Deng has for the last 15 years.

Beijing is proceeding with economic reform without moving toward democratization or increasing respect for human rights. China has one of the world's most rapidly expanding economies, although Beijing has taken steps to control economic overheating and dampen inflation. These measures slowed the increase in Gross Domestic Product from nearly 14 percent in 1993 to under 10 percent in 1995. The regime still faces tough policy choices, such as how far to push reform of deficit-ridden state enterprises, and how to extract and retain more taxes from the reluctant localities.

Economic expansion has facilitated Beijing's military modernization drive, allowing the purchase of foreign armaments. Since 1992, for example, Beijing has purchased from Russia 26 SU-27 fighters, two Kilo attack submarines and several battalions of Patriot-class SA-10 SAMS. Meanwhile, China continues to provide inappropriate weapons and military technology assistance to other countries.

This new military strength is changing the region's security environment. Chinese military exercises in the Taiwan Strait have increased tensions and raised serious questions about Beijing's intentions.

*North Korea.* Under Kim Chong-il, North Korea remains isolated, xenophobic, militaristic, and resistant to reform and its hostility toward the South is unabated. Since the early 1980's, P'yongyang has devoted perhaps a quarter of its Gross National Product to building a 1.1 million-man military machine. The army's force structure, deployment, and training emphasize offensive operations and it is positioned and equipped to launch an aggressive attack southward with little or no warning. Late last year North Korea deployed numerous combat aircraft to bases near the DMZ, and since the early 1990's, it has deployed long-range artillery and rockets near the DMZ, threatening Seoul and reducing allied warning time.

While the military buildup continues, North Korea's economy is in a downward spiral that will be difficult to reverse. The best harvests fall far short of needs and food shortages are widespread. China continues to provide vital commodities such as oil and food on concessionary terms, despite P'yongyang's large and growing trade debt. Nevertheless, last year for the first time P'yongyang was forced to accept food aid from traditional enemies, including Japan and South Korea, to fill nearly half of its estimated food shortfall of more than 2 million tons.

The regime is thus far unwilling to take the steps necessary to improve economic conditions. P'yongyang continues to reject economic reform and is likewise unwilling to divert resources away from the military. Indeed, North Korea's large conventional force is an organ of internal security that is critical to the survival of the Kim Chong-il regime.

Without deep cuts in military outlays, market-based reform, or significant new economic aid, the economy will probably continue to deteriorate and the decline in living standards will further undermine social stability. The North will find it harder to maintain military capabilities, and to insulate the armed forces from worsening economic problems. If food shortages should spread to front-line military units, it could undermine regime stability.

*Russia.* Free elections are becoming the ultimate arbiter of political power in Russia. The Russian people now have the right to worship, to seek information, and to assemble for political purposes without fear. Increasingly, more Russians have a stake in the growth of a market economy. Russia is slowly entering the community of free nations. We believe that most Russians want to hold onto these gains.

Nevertheless, Russia's new democratic institutions are fragile; market reforms have brought hardships that have disillusioned many Russians; and, new-found freedoms are not secure. With reformers divided among themselves, December's parliamentary elections put Communists and extreme nationalists in charge of the Duma.

We are concerned by the course of events in Chechnya. In that troubled part of Russia, Moscow is becoming mired in a bloody counterinsurgency that could spread to other parts of the Caucasus.

We are concerned also that Russia last year agreed to supply nuclear reactors to Iran, and that Moscow is now pressing the United Nations to lift sanctions against Iraq. Russia also appears to be moving toward closer relations with China. President Yel'tsin has announced that he will visit China early this year, and Moscow appears to have expanded its sale of weapons and military technologies to Beijing.

The June Presidential election will be an important juncture in the brief history of democratic Russia. Should the Russian people choose a Communist or hard-line nationalist, further progress toward democracy and economic reform would be in question. Even if a hard-line government takes power, however, Russia is not likely to be transformed back into the Soviet Union.

Moreover, the Russian military, struggling to cope with numerous problems, is not likely to regain its former strength. All Russian services are experiencing cutbacks in manpower, training, resources, and readiness, and they are uncertain about their future organization and missions. Overall manpower has declined to well under its authorized 1.7 million and current military production is a fraction of what it was under Soviet power. Much needed reforms languish. The morale of Russian soldiers and junior officers is bad and getting worse.

We cannot forget, however, that Russia still possesses a formidable nuclear arsenal. Moscow maintains high levels of readiness throughout its strategic forces, and it continues modernization programs, including a follow on missile for the SS-25 ICBM. Political instability, weak civilian control over the military, economic deterioration, corruption, and a general pervasiveness of crime, raise concerns about the control, security, and accountability of the former Soviet nuclear arsenal.

*The Middle East* is the second region of the world that is most unstable and presents the greatest threats to U.S. security.

Five years after the Gulf war, Saddam Husayn is unrepentant over Iraq's invasion of Kuwait, determined to regain regional dominance, and bent on preserving elements of his special weapons programs. While his army has been diminished by



the Gulf war and U.N. sanctions, and hobbled by deteriorating equipment and a shortage of spare parts, it remains the largest force in the Gulf region, with 2,000 tanks and 300 combat aircraft. It was brutally effective in suppressing the small Shia insurgency in southern Iraq. Baghdad is determined to reconstitute its weapons of mass destruction programs and to deceive the rest of the world about its activities. In the wake of the defection of Husayn Kamel last August, Iraq turned over some 147 crates of documents, previously withheld from the United Nations, that revealed substantial new information on Iraq's intentions, including a crash effort in 1990 to produce a nuclear weapon using safeguarded enriched uranium. The return of Husayn Kamel to Iraq on Tuesday does nothing to mitigate the damage he has inflicted on Iraq's programs to develop weapons of mass destruction and his exposure of Iraq's blatant disregard for United Nations resolutions and weapons inspections.

Baghdad recently announced a series of drastic austerity measures intended in part to create more revenue for a government weakened by U.N. sanctions and heavily burdened by the lavish lifestyles of its inner circle and perks for its vast security services. The pressures on Saddam's regime (list) could bring about its sudden and violent collapse.

*Iran* continues to divert scarce economic resources to its military buildup and to flout accepted standards of international behavior. Tehran actively supports terrorism and political violence, opposes the Middle East peace process, and abuses human rights at home. Since 1989, Iran has murdered at least 48 regime opponents abroad, provided up to \$100 million annually to the Lebanese Hizballah—a group responsible for the killing of over 250 Americans—and refused to repeal the religious judgment condemning British author Salman Rushdie to death.

We see no indication that Iran will moderate its behavior following the coming parliamentary and Presidential elections, respectively scheduled for March 1996 and mid-1997. The Iranian leadership is attempting to paper over its crisis of performance—falling living standards, pervasive corruption, and lack of political reform—and to rally an increasingly apathetic, restive population by blaming 'outside forces', chiefly the United States—a strategy that could lead to a more aggressive foreign policy.

*Bosnia.* Let me turn now to Europe and the conflict in Bosnia. Over the last few years, the Intelligence Community has compiled a tremendous record in supplying our policymakers with vital information on the situation in Bosnia. Today, our main task is force protection for U.S. and allied troops that compose IFOR as they implement the provisions of the Dayton Agreement. Here in Washington, we have drawn experts from across the Intelligence Community to work on the Balkan Task Force, which is on duty round-the-clock to collect and analyze information, and to answer questions from policymakers and the military. The Intelligence Community provides information that informs policy decisions and has helped to uncover war crimes. In Europe, National Intelligence Support Teams are deployed with our troops, to put at their immediate disposal all of the expertise and technical resources of the Intelligence Community. Intelligence officers provide accurate, detailed maps and information on the terrain, the location of mines and potentially hostile forces, including outside forces that could pose a danger. All of this material is tailored to the needs of individual commanders and it is shared, as appropriate, with allied forces. Intelligence has been instrumental in helping this operation to run smoothly, despite the weather, the complex mix of ethnic groups, and the need to coordinate actions with forces from a number of other countries.

At the same time, the Intelligence Community is working to assess the long-term challenges to a durable peace in Bosnia, including political, economic, and demographic factors, as well as the influence of outside forces.

In the *Mediterranean*, tensions are high between Greece and Turkey. The crisis 2 weeks ago over ownership of two small islets between the two countries reminds us how volatile the situation is between these two members of NATO.

*Africa.* Moving on to Africa, there are two countries cause us particular concern.

*Libya* has steadfastly refused to abide by the terms of U.N. sanctions imposed on Tripoli in the wake of its involvement in the downing of Pan Am 103. Qadhafi has a firm hold on power but relies heavily on his security forces to suppress sporadic violent unrest by a growing Islamic opposition and rival tribes.

*Sudan* has emerged as a clear threat to the stability of nearby African and Middle Eastern States because of its support for subversive activities of regional opposition groups. This threat is likely to remain as long as the National Islamic Front (NIF) is the dominant political force in the country. In its effort to spread its version of Islamic fundamentalism beyond Sudan and destabilize regional moderate governments friendly to the United States, the NIF supports insurgent and terrorist groups opposed to the governments of Egypt, Eritrea, Ethiopia, and Uganda. Sudan

also provides safehaven and limited material support to other radical groups such as Hizballah, HAMAS, the Abu Nidal Organization, and the armed Algerian extremist groups. The Ethiopian government has publicly accused Sudan of providing refuge to three of the suspects wanted for the June 1995 assassination attempt against Egyptian President Mubarak in Addis Ababa. The Khartoum regime's repressive internal policies against the Sudanese people, particularly non-Muslim southerners, adds fuel to the 13-year-old civil war in southern Sudan, which has displaced millions of people.

Let me turn now to our own hemisphere.

*Mexico* is in a process of political and economic transition. The peso crisis has abated, but Mexico is still experiencing a deep economic slowdown that has lowered living standards and magnified growing public frustration with the ruling Institutional Revolutionary Party (PRI). With 50 percent inflation, economic contraction, and the loss of 1 million jobs in the formal economy, the ruling party lost considerable ground to the opposition in elections held last year. Recurrent allegations of complicity by officials of the previous administration in several political assassinations as well as ongoing revelations of corruption by former government officials have marred efforts by President Zedillo to rebuild confidence.

In *Haiti*, former President Jean Bertrand Aristide has turned over the reins of power to President Rene Preval, marking the first transition of power between democratically elected leaders in the country's 192-year history. Haiti's ascent democracy remains vulnerable in the years ahead. The Haitian economy is in dismal shape and much of the populace is unemployed and living in extreme poverty. The government will be sorely tested on both the economic and security fronts. It faces difficult and unpopular economic decisions to get the country back on its feet, and has a new and inexperienced police force to control crime and potential political violence from both the extreme right and the extreme left.

In *Cuba*, the Castro regime has used a mix of austerity and economic reform to arrest the decline brought on by the loss of Soviet and East European assistance, but the potential for instability remains. Havana's own reforms have caused new economic strains, including wider income disparities and the prospect of greatly increased unemployment. Cubans are expected to do more for themselves, slightly loosening the government's hold on their lives and fostering more independent thought that could produce a stronger constituency for change. The death or departure of Fidel Castro, now 69, would place the system he created on new and possibly unstable ground. Even with Castro, the potential for greater strains exists, either among elites who differ over the pace and scope of reform or between the security forces and a population weary of austerity.

*Latin America.* A variety of developments in Latin America could pose difficult challenges and choices for Washington, particularly in the long run. Despite recent setbacks in Colombia, narcotics traffickers show no signs of scaling down their level of activity. Their use of payoffs and intimidation will continue to give them significant leverage over governmental leaders at the national and local levels. Additionally, although the region has made great economic strides over the past several years, income disparities remain immense, and the United States will remain a magnet for illegal migrants, especially from nearby Caribbean Basin nations.

*Transnational Issues.* Now I would like to turn to the transnational challenges that we face. Terrorists, organized criminals, and traffickers in drugs and weapons cross easily over international borders and blur the lines that once divided domestic and international threats. To meet these new challenges, we must find the most effective way to harmonize the unique talents and resources of law enforcement and intelligence. The law enforcement community has tremendous investigative skills and techniques. The Intelligence Community has a vast foreign collection effort that includes advanced technical systems and human sources of intelligence. By emphasizing cooperation and coordination of efforts, we can bring all of our skills to bear against transnational threats and minimize costly and time-consuming duplication of effort. Effective, extensive, and routine cooperation between intelligence and law enforcement will profoundly improve our nation's security in the post-cold war world. Recent experience has proven that when intelligence and law enforcement cooperate effectively, we can be spectacularly successful.

*Proliferation.* Of the transnational issues, the proliferation of weapons of mass destruction and advanced conventional weapons systems pose the gravest threat to national security and to world stability. At least 20 countries have or may be developing nuclear, chemical, biological weapons and ballistic missile systems to deliver them.

- *The nuclear weapons programs* of several countries cause us great concern. For example, Iran is now developing its nuclear infrastructure and the means to hide nuclear weapons development. Cooperation with Russia and China—even

carried out legally under international safeguards—could substantially aid Iran's nuclear weapons efforts. Iran remains years away from producing a nuclear weapon, but extensive foreign assistance could shorten the timeframe. We are also monitoring a potential nuclear arms race in South Asia. India appears to be planning an underground nuclear test. Last month it test-fired an improved short-range ballistic missile. Prime Minister Bhutto has hinted that Pakistan might conduct a nuclear test in response to an Indian test.

- *Chemical Weapons programs* are active in 18 countries, including most major states of the Middle East. Libya, for example, is now building the world's largest underground chemical weapons plant in a mountain near Tarhunnah. Chemical weapons countries are also developing more and longer range delivery systems, including ballistic and cruise missiles and UAVs.
- *Biological Weapons*, often called the poor man's atomic bombs, are also on the rise. Small, less developed countries are often eager to acquire such weapons to compensate on the cheap for shortcomings in conventional arms. Small quantities of precursors, available on the open market, can produce a deadly chemical or biological weapon.
- *Ballistic missile systems* that can deliver nuclear, chemical, or biological warheads are available to more countries. China, North Korea, the industrialized states in Europe and South America, several Third World countries, and private consortiums, supply ballistic missile technology—and in some cases entire missile systems—to developing countries around the world. North Korea, for example, has sold its SCUD B's and C's—with a range of 300 and 500-km respectively—to Iran, Libya, Syria and other countries. P'yongyang is now developing a 1,000-km No Dong missile that could be deployed in the near future. A Taepo Dong missile, which could reach as far as Alaska, is in development and could be operational after the turn of the century.
- *Advanced Conventional Weapons* and technologies such as stealth, propulsion, and sensors are allowing countries such as North Korea and Iran to accelerate their military modernization. Such weapons could inflict significant casualties on U.S. forces or regional allies in future conflicts.

All of these programs are aided through the illegal export of controlled equipment, technology, and materials, including dual-use items, and through indigenous research and development.

In confronting proliferation, the first task of intelligence is to discover the hidden plans and intentions of countries of concern well before we have to confront the devastating power of the weapons themselves. The Intelligence Community, for example, was instrumental in uncovering North Korea's nuclear ambitions, its violation of safeguards, and its production of enough plutonium for at least one and possibly two nuclear weapons. We are now monitoring North Korea's compliance with the October 1994 US-DPRK Agreed Framework, freezing P'yongyang's nuclear program. Fifteen months after the agreement, North Korea has not refueled its 5 Mwe reactor at Yongbyon or operated its reprocessing plant and it has halted construction on two larger reactors.

Once weapons of mass destruction programs have come to light, then it is the task of intelligence to support arms control negotiations, to monitor compliance with treaties and control regimes, including the Nuclear Nonproliferation treaty and the Chemical Weapons Convention, and to uncover violations of sanctions. For example, sanctions imposed by the U.N. have done much to contain Saddam and steadily weaken his regime. The Intelligence Community has been very active in the effort to assure that these sanctions continue to be effective. Without an effective, long-term monitoring program by the United Nations, however, Baghdad could use its large pool of scientific expertise, as well as hidden materials and components, to reconstitute its nuclear, chemical and biological weapons programs.

The Intelligence Community has been aggressive in its efforts to uncover hidden supply lines and stop key materials and technologies from reaching countries of proliferation concern. The U.S. Government, in cooperation with other governments, has been able to halt the transfer of a large amount of equipment that could be used in developing nuclear weapons programs, including mass spectrometers, custom-made cable equipment, graphite materials, aluminum melting furnaces, arc-welding equipment, and a gas jet atomizer. Now is the time to prevent countries of proliferation concern from obtaining the materials and technology they need to advance their weapons of mass destruction programs. We must prevent North Korea, for example, from obtaining the guidance and control technology that could make its long range missiles accurate, as well as deadly. We must keep Iran from obtaining the foreign assistance it needs to complete a nuclear weapon. We have to keep Iraq from obtaining equipment and materials that would enhance its nuclear, chemical, and biological weapons programs. We cannot relax our efforts.



*Terrorism.* Let me move on now to the problem of terrorism. In the post-cold war era, terrorists have become increasingly capable, lethal, and wide-ranging. Their operating methods and technical expertise—in bomb-making and other skills—are more sophisticated. The U.S. Government recorded 440 international terrorism incidents in 1995, the highest total since 1991.

Terrorists attacks today are more deadly than in the past. Where once terrorists undertook relatively small operations aimed at attaining specific political objectives, today they are more likely to inflict mass casualties as a form of punishment or revenge. The bombing of the World Trade Center is an example.

We are concerned that terrorists will push this trend to its most awful extreme by employing weapons of mass destruction. Indeed, the prospects for chemical and biological terrorism will increase with the spread of dual-use technologies and expertise. Many of the technologies and materials associated with these programs have legitimate civilian or military applications. Trade in such materials cannot be banned. For example, chemicals used to make nerve agents are also used to make plastics and process foodstuffs. And any modern pharmaceutical facility can produce biological warfare agents as easily as vaccines or antibiotics. The Japanese cult Aum Shinrikyo was able to legally obtain all components needed to build the massive chemical infrastructure that produced the poison gas released in the Tokyo subway. The use of nuclear materials is less likely, but in December we saw terrorists employ radioactive material for the first time, when Chechen rebels planted radioactive material in a public park in Moscow.

The most active terrorist groups have greatly expanded the geographic scope of their operations over the last 2 years. Organizations such as Lebanese Hizballah and the Egyptian group al-Gamaat al-Islamiyya have developed transnational infrastructures that they use for fund-raising, logistical support, and cooperation with other terrorist groups. These operations enable them to strike when and where they choose. For example, Egyptian extremists, who until recently had confined their major activities to Egypt, have over the past 8 months attempted to assassinate President Mubarak in Ethiopia, set off a car bomb in Croatia, and bombed the Egyptian embassy in Pakistan.

In the Philippines, radical Muslim insurgents, including Abu Sayyaf Group and the larger Moro Islamic Liberation Front, have threatened to disrupt APEC meetings. These elements may be cultivating ties with foreign terrorists, who in January 1995 attempted to bomb U.S. air carriers flying through Manila and elsewhere in East Asia.

In Turkey, terrorism and drugs combine to pose a major threat to the security and territorial integrity of this key ally. Through front organizations and drug trafficking, the Rurdistan Workers' Party (PKK) receives help for its terrorist and counterinsurgency activities from rogue states, other terrorist groups, and historical Turkish rivals.

State sponsorship remains an important part of the international terrorist threat and Iran is by far the most active and capable sponsor. Tehran appears to consider terrorism a legitimate instrument of statecraft, whether practiced by Iranian state agents or by heavily supported surrogates such as Hizballah.

We have made a concerted effort to apply human and technical intelligence to the problem of terrorism. In cooperation with friendly security services, we have had success in breaking up some terrorist cells overseas and exploiting these opportunities to learn more about the methods and techniques being used by today's terrorists. The Intelligence Community also works closely with the FBI and other law enforcement agencies to support their efforts to investigate and prosecute terrorist crimes. We use our overseas resources to develop and follow up investigatory leads, and to help locate and facilitate the apprehension of individual terrorists. There have been several notable successes of this type over the past year, including the arrest of Ramzi Yousef, the alleged mastermind of the World Trade Center bombing.

*Drug Trafficking.* Like terrorism, the drug trade is becoming increasingly international and sophisticated. Drug traffickers are taking advantage of rising worldwide demand for cocaine and heroin. They are exploiting the removal of trade barriers, and finding room to operate in societies that are in the process of political or economic transition. These mafias are becoming increasingly sophisticated and flexible in their operations, using modern technology and business practices.

Cocaine supplies continue to meet the demands of the U.S. and worldwide market. In 1995, enough coca leaf was grown to produce nearly 800 metric tons of cocaine. Despite the disruptions caused by the arrests and surrender last summer of seven of its eight top leaders, the infrastructure and operations of the Colombian Cali drug mafia remain formidable. Meanwhile, the Mexican drug lords whose organizations traffic in cocaine, heroin, and methamphetamine are becoming more powerful and a greater threat to stability in Mexico.

Illicit worldwide opium production exceeded 4,000 metric tons in 1995, enough to produce nearly 400 metric tons of heroin. Burma is the source of most of the heroin available in the United States, but opium production in Afghanistan has skyrocketed since 1990 and Colombia has surpassed Mexico as the largest producer of opium in the Western Hemisphere. The states of the former Soviet Union are becoming a major conduit for heroin.

The production and trafficking of new drugs is also growing. Already, Mexican trafficking organizations are gaining dominance in the methamphetamine trade and Southeast Asian heroin organizations are turning to the production of methamphetamine. Drug gangs in some Central European countries are major suppliers of amphetamine to Western markets. Drug traffickers, meanwhile, are expanding their international connections, including cooperation with other criminal organizations.

Intelligence plays an important role in U.S. counternarcotics policy. Intelligence support facilitated the arrests of Cali drug mafia chieftains last summer and aided efforts to disrupt the flow of coca products along the "Andean Airbridge" from Peru to cocaine processing laboratories in Colombia. We support U.S. counternarcotics efforts in Thailand that disrupted the heroin trafficking operations of the notorious Burma drug lord Khun Sa. The Intelligence Community also developed an Aerial Imagery Reconnaissance Tracking and Plotting System to help the U.S. government better manage aerial reconnaissance collection against drug traffickers.

*Organized Crime.* Transnational organized criminal activities are growing rapidly in every region of the world, undermining political and economic development in many countries. In Russia, organized crime is a challenge for the national leadership. Criminal groups have significant influence in strategic sectors of the economy—including the banking sector—and have high-level political connections. The increasing power of organized crime threatens political stability, undermines popular confidence in government at all levels, and encourages support for hardline politicians. The increasing sophistication, flexibility, and worldwide connections of organized crime groups help them to expand their activities and thwart law enforcement.

Intelligence is aiding law enforcement in the fight against other transnational criminal threats. U.S. intelligence, for example, contributed to the arrest of Gloria Canales, who headed a major alien smuggling network in Latin America.

*Economic Security.* Earlier I spoke of the interdependence of the world economy. Economic security has become an integral part of our national security. Accordingly we increasingly focus economic intelligence efforts on warning of key risks to American economic interests. We monitor threats to international financial stability and U.S. interests. We alert policymakers when foreign firms use questionable business practices, such as bribery, to disadvantage U.S. firms. Economic intelligence reporting helps us expose activities that may support terrorism, narcotics trafficking, proliferation, and grey arms dealing. Finally, as I mentioned earlier, we also monitor compliance with economic sanctions. In all of these areas, there is a tremendous demand from senior policymakers for the information we provide.

*Security of Information systems.* Allow me to turn now to a transnational threat that is, at present, difficult to measure—the threat of attack against our information systems and information-based infrastructures. Hackers, criminal groups, and foreign intelligence services consider these systems lucrative targets, as evidenced by the growing number of intrusions into corporate and financial information systems. While intelligence sources have only identified a handful of countries that have instituted formal information warfare programs, I am concerned that the threat to our information systems will grow in coming years as the enabling technologies to attack these systems proliferate and more countries and groups develop new strategies that incorporate such attacks.

Our efforts to identify and characterize the threat are continuing. I am encouraged by our progress over the past year. We are developing cooperative efforts within the community, and establishing valuable links with other agencies outside the Community and outside government. We have a lot more to do, however. We must identify sufficient resources to work on this problem and work through many of the legal and regulatory obstacles to collecting needed intelligence.

*Environment.* Now I would like to turn to the growing threat of environmental degradation. A deteriorating environment can not only affect the political and economic stability of nations, it can also pose global threats to the well-being of mankind. Intelligence has an important role to play in our efforts to deal with these threats. We support the negotiation and implementation of environmental agreements and we use imagery from existing systems to support the work of the scientific community and other government agencies in their efforts to understand global environmental phenomena.

For example, intelligence analysis, drawing on imagery and signals intelligence, has played a critical role in curbing a black market in ozone-depleting CFCs. This and other intelligence support has contributed to the successful negotiation and implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer.

In 1992, at the urging of then Senator, now Vice President Gore, the CIA established an Environmental Task Force (ETF) to pursue opportunities for exploiting the technical assets of the Intelligence Community to address environmental problems. To support this task force, we set up a group of about 60 cleared U.S. scientists, known as MEDEA. MEDEA found that a relatively modest commitment of resources, combined with information collected from technical intelligence assets already in place, could yield dividends for environmental scientists. MEDEA also found that historical imagery from our early satellite systems could provide a more accurate picture of climate change over time.

Environmental intelligence also supports our military forces when they are employed in humanitarian emergencies and peacekeeping situations. In the Gulf War, for example, analysis of intelligence imagery helped our forces avoid the toxic fumes generated by Iraqi-set oil fires in Kuwait. The Intelligence Community also addresses environmental damage associated with past Soviet military activities, the implications of regional resource changes, and the environmental consequences of foreign economic development.

We also provide valuable information to the Federal Emergency Management Agency. Maps and other information from intelligence assets allow FEMA to cope faster and more effectively with natural disasters.

*Conclusion.* What I have just given you is an abbreviated list of the threats to our national security today.

I would like to conclude by saying that intelligence is an integral part of an effective national security structure. It does not and should not work in isolation. In recent years the Intelligence Community has strongly emphasized the need to know our intelligence consumers better so that we can provide information that makes a difference to policy, to diplomacy, to the conduct of military operations, and, ultimately, to the security of the American people. I believe that intelligence is especially critical now. Policymakers, dealing with a shifting menu of international crises, need fast and reliable information on current conflicts, and advance warning of emerging problems. A smaller U.S. military, required to take on new challenges in remote and unfamiliar areas of the world, needs detailed and accurate intelligence on the ground and at the highest levels of decisionmaking. Law enforcement, which must increasingly deal with foreign-based threats to American cities, needs our analytical and collection support more than ever. Mr. Chairman, the Intelligence Community is determined to meet these needs and to earn and keep the trust of the Congress and the American people. Thank you.

Director DEUTCH. Thank you, Mr. Chairman.

Let me begin with near-term concerns. The Indian subcontinent; the relationship between India and Pakistan continues to be unsatisfactory, and the potential for conflict is high. Since each of these nations possess nuclear capability, every effort must be made to support our U.S. policymakers, who are seeking to avoid military confrontation. We are concerned that India is considering the possibility of a nuclear test. We have judged that if India should test, Pakistan would follow. We are especially concerned about Pakistani efforts, some in cooperation with China, to acquire additional nuclear technology.

*China.* China continues to emerge as a major economic, political and military power in East Asia. We believe China is preoccupied with its leadership transition after Deng Xiaoping who, at the age of 91, is no longer involved in daily decisionmaking. In maintaining political control, while at the same time continuing to liberalize the Chinese economic system, is the primary concern of the current leadership.

There are important issues that divide China and us that deserve close watching. Let me mention a few. Relationships between China and Taiwan; the present deployment of Chinese forces across the straits from Taiwan indicate the seriousness of this issue. The



potential for hostilities due to miscalculation and accident is great. China's military modernization is also troublesome. It includes acquisition of modern weapons from Russia; for example, SU-27 fighter aircraft with large combat radius. China is proceeding with economic reform without moving toward democratization or increasing respect for individual rights. Human rights in China remains an important issue for us. China continues to provide inappropriate weapons and military technology assistance to other countries; nuclear technology to Pakistan, for example, which is not a Nonproliferation Treaty signatory; cruise missiles to Iran. And as we all know, there are also a number of outstanding trade issues with China.

These unresolved issues lead the Intelligence Community to be very concerned about the course of United States-China relationships through the end of the century, and we are placing a special priority on supporting our foreign policy leaders in this country, our foreign policymakers in dealing with United States-China relations.

*North Korea.* North Korea is perhaps the most isolated and xenophobic society in the world. We need to learn more about the forces that influence where this country is going. The North Koreans continue to maintain a massive military force that has the ability to launch an aggressive assault on the South. Political and economic circumstances continue to deteriorate in North Korea, and a collapse of the current regime is quite possible, although we cannot be sure whether this would happen in a peaceful or a violent matter.

As a result of the October 1994 nuclear framework agreement, the North Korean nuclear program appears to be frozen, but it is not yet dismantled.

*Russia.* The June Presidential election marks a critical juncture of Russia's post-Soviet evolution. The Russian people welcomed democracy and the move to a market economy in 1991, and Russia has made progress toward these goals over the last few years. But market reforms have brought economic hardship, and the growth in criminal activity has led many Russians to question the benefits of reform. Accordingly, the June Presidential election is an important juncture for Russia. We believe that even if a hard-line government takes power, Russia will not likely be transformed back into the Soviet Union, which collapsed because of the failure of their economic system. Democracy and a market economy have created new interests in Russia which will not easily surrender their gains, and in addition much power has been dissolved from Moscow to Russia's outer regions. But we believe that whoever becomes president in the next Russian election, Russia will in the near term slow the pace of reform and be less willing to cooperate with the United States and the West.

*The Middle East.* It's the second region after the Indian subcontinent that is most unstable and presents the greatest threats to world security. In Iraq, Saddam Hussein continues to pose a threat to Kuwait and the Arabian peninsula. He shows no inclination to improve the conditions of the Iraqi people or to stop seeking to acquire weapons of mass destruction.

*Iran.* Iran is a major sponsor of terrorism throughout the world, in Bosnia, the Sudan, Lebanon, and Saudi Arabia. We are alert to Iranian efforts to acquire modern weapons and technology that they need to advance their weapons of mass destruction programs. We view with the greatest concern the assistance that Russia is providing Iran to build the Bushar nuclear power generating station. This project could be used by Iran to acquire nuclear technology that could be diverted to a nuclear weapons program.

The one bright spot in the Middle East is the progress that is being made in the peace process between Israel and its neighbors. The Intelligence Community is proud of the role it has played today and in the past in supporting the Secretary of State throughout the peace process.

*Bosnia.* The Intelligence Community has compiled a tremendous record of support to our policymakers over the past 5 years in dealing with this vexing problem. Today our main task is force protection of the United States and allied troops that compose the international force. We monitor extremely carefully compliance with the Dayton Accords and we are especially concerned in Bosnia with the activities of Iranians and we continue to cooperate with the efforts to bring war criminals to justice.

*Greece and Turkey.* The military confrontation 2 weeks ago over ownership of two small islands between Greece and Turkey reminds us of how volatile the situation between these two members of NATO is. The continued mutual distrust, the emergence of a new government in Athens, and the ongoing coalition negotiations in Ankara reduce each country's ability to compromise.

Mr. Chairman, this is a review of some of the important near-term issues. There are other matters, many other matters that I have not touched upon: Cuba, Sudan, international terrorism and drug trafficking. Most importantly, this survey shows that we have extremely serious security concerns before us. The nation will need the Intelligence Community more than ever before to work cooperatively with other agencies to meet these threats and support our policymakers.

Let me briefly touch on some longer-term concerns. Our understanding of the long-term concerns comes from an appreciation of what these near-term threats that I have just reviewed with you are. First, let me make a remark about traditional national security threats. Our principal purpose in the Intelligence Community is to provide objective, early warning of developments that bear on key foreign policy issues—for example, avoiding conflicts that may occur in the Middle East; for example, providing information about the proliferation activities of various nations; for example, the effort of Libya to build chemical warfare agent production facilities or North Korea's potential to export NO DONG or TAEPO DONG ballistic missiles to other countries of the world.

In the event of conflict, our purpose has to be to assure that our joint military commanders have dominant battlefield awareness. This is achieved by timely fusion of human, signals, and imagery intelligence in a form that can be used by the joint war fighter. We continue to be alert to counterintelligence threats. The lesson of Ames is not lost on us. Russia and other intelligence services continue their efforts to penetrate U.S. national security organizations.



Mr. Chairman, we face in the post-cold war new threats to our security. Prominent among these is the growth of international terrorism, drugs, and crime. We have seen during the past years a steady growth in terrorism both State-sponsored, for example, the Hezbollah, and for sub-national groups, such as the cult in Japan that released chemical agents in the subway system. In our view, these terrorist threats will continue to grow both against the United States and other nations.

*Drug trafficking.* Cocaine from Bolivia and Peru, heroin from the Far East continue to pour into the United States. Intelligence is vital to support actions that reduce the flow of drugs into the United States. These actions on the supply side can be made more effective and we intend to make them more effective. Despite successes, the Cali drug mafia remains formidable. Meanwhile, drug trafficking through Mexico, heroin, cocaine and methamphetamines is becoming more active, strengthening the potential of corruption that can pressure the Mexican government. International crime is growing, especially as it relates to money-laundering associated with drugs. At this point, the need for the Intelligence Community to put greater emphasis on these new threats is apparent and it must be done by stressing cooperation with our law enforcement policy customers, especially the FBI and the Drug Enforcement Administration. When intelligence and law enforcement cooperate, there can be spectacular successes.

Let me touch on economic security. Intelligence has a growing but still limited role to play. First, we must assess major economic and technological trends in the world. This activity relies on the analytic strength of the Intelligence Community and all of its organizations and its ability to meld open source and clandestine information. We must be in a position, Mr. Chairman, to alert our policymakers when foreign business uses corrupt practices in the marketplace. We continue to believe that it is inappropriate for the Intelligence Community to help individual firms gain advantage in the marketplace through intelligence.

I want to mention briefly the area of environmental intelligence, where we monitor compliance with environmental agreements such as the CFC agreement; where we monitor major environmental accidents such as oil spills; where we monitor and make available our technical intelligence in the case of natural disasters that may occur in this country.

And finally, Mr. Chairman, I conclude with the growing challenge of the security of our information systems. There are new threats that come from changing technologies. One that is of particular concern to me is the growing ease of penetration of our interlocked computer and telecommunications systems, and the Intelligence Community must be in the future alert to these threats.

Mr. Chairman, I am aware that this is a formidable list of security challenges that confront the United States today and in the years to come. It would not be prudent to ignore these security challenges and the Intelligence Community will not do so. But I express to you my confidence that we in the Intelligence Community are completely up to the challenge. We will continue to provide timely and accurate information to our leaders on these very important security concerns.

Thank you very much, Mr. Chairman.

Chairman SPECTER. Thank you very much, Director Deutch. We will proceed now to 10-minute rounds of questions.

Director Deutch, I begin with the issue of the use by the Intelligence Community—alleged use by the Intelligence Community of newspaper reporters, representatives of the media. There had been a generalized view that the Intelligence Community was not using newsmen, newswomen, for intelligence-gathering operations. Recently, an issue was raised in the media about an exception to that general rule, where there were some extraordinary circumstances. The concern has been articulated that if the newspapers and media, generally, are to retain their unique status with the protection of the first amendment freedom of speech, freedom of press, that those kinds of activities ought not to be engaged in. A counter-argument has appeared publicly—the weight of it, I do not know—that some circumstances are so extraordinary as to warrant an exception to that generalized rule.

We would be interested to know, first of all, whether there has been a rule that the Intelligence Community would not use newspaper and media personnel, generally, for intelligence operations. If that rule has been in existence, are there exceptions? And if so, what are they? And your view, as director, as to the philosophy behind it and whether any circumstance might be so extraordinary as to warrant an exception to that rule? Now, I've asked you a series of questions, because they're inter-related, and customarily, the best procedure is to ask questions one at a time. But I give you that composite picture, and ask you to address it.

Director DEUTCH. Thank you very much, Mr. Chairman.

Let me begin by saying that my sympathy on this matter is very, very much with the journalistic community. I absolutely appreciate and understand the reasons that lead them to urge no interference or no cooperation with espionage services. I understand the relationship to the special character of the newspapers and other media according to the first amendment. And frankly, as a former provost, I understand the similar kinds of concerns that academics have about potential use by the Intelligence Community of academics in intelligence matters.

But I hope, Mr. Chairman, that you and citizens of this country can appreciate that Directors of Central Intelligence have to also concern themselves with perhaps very unique and special threats to national security where American lives are at risk, where very important, unique access can be given to protect American interests abroad, where it would be necessary to consider the use of an American journalist in an intelligence operation.

Chairman SPECTER. So you're saying that there are some extraordinary circumstances where the U.S. Intelligence Community would call upon journalists?

Director DEUTCH. That's correct, Mr. Chairman.

Let me make a remark about our policy that has been in existence since 1977. I believe when that policy was adopted that it was publicly announced, so it's not been a secret policy. The policy says that we will not use American journalists except under very, very rare circumstances where—

Chairman SPECTER. How would you define those rare circumstances, as you articulate it?

Director DEUTCH. Those rare circumstances are defined by considerations by the Director of Central Intelligence or the Deputy Director of Central Intelligence where they would consider the information to be of such importance or the access to be of such tremendous importance to the interests of the United States and to American citizens, that they would waive consideration and use an American journalist.

Chairman SPECTER. Well that's a fairly generalized statement, Director Deutch—the interests of the American people. Can you be more specific, perhaps even illustrate that policy, if possible, without disclosing method, sources, or something that is sufficiently far in the past not to compromise any ongoing matter? Obviously—

Director DEUTCH. Let me try to respond this way.

Chairman SPECTER. Obviously—

Director DEUTCH. Yes, sir, let me try to respond.

Chairman SPECTER. Obviously this is a matter of great importance, and this is something that this committee, I know, will want to evaluate. I'm not prepared to say one way or another. This is something which is of sufficient seriousness that we ought to think it through. But I do believe we need a little more specification as to under what circumstances the Director of the CIA thinks the rule ought to be excepted.

Director DEUTCH. I'd be happy to try and give you two hypothetical examples. One would be where you had a journalist involved in a situation where terrorists were holding U.S. hostages. That journalist might have tremendously unique access in such a situation. Or where there was particular access to a nation or a group who had an ability to use weapons of mass destruction against the United States. These are the kinds of circumstances where I think it would be very difficult not to take advantage of every possible way of defending American lives.

Chairman SPECTER. Well, then would you define the exception as circumstances where there is an imminent risk to the lives of American citizens or the lives of others?

Director DEUTCH. Well, I'm not prepared at the present time to lay out a set of criteria for when these exceptions might be granted, but I'd be happy to work on that and to consider that. But that's the kind of situation where I believe the exceptions might be—would be legitimate.

Now, I want to say again, sir, I do understand and stress that our general rule is we do not use American journalists, we do not use American news organizations. That is our general policy. It is only in very rare circumstances that we would consider exceptions when there are particular situations which involve risk to American lives or particular questions of absolute access on matters of important or critical national security matters. We would not do it as a matter of policy in general to gain foreign intelligence.

And I want to say again that my sympathy is very much with those groups who are concerned about their integrity being compromised in some way by this kind of covert involvement.

Chairman SPECTER. Well, you have carefully articulated in the disjunctive circumstances where American lives were at risk or

lives of others were at risk or circumstances where there were particular national security interests involved. There's a fair distance between those two categories. So what we would ask you to do would be to consider a more precise definition of the second category. If you have hostages or if you have an imminent threat of use of weapons of mass destruction, that's understandable. If you talk about the generalized national security interest, that can have a pretty broad sweep. So we would ask you to be more definitive.

Director DEUTCH. I would be very comfortable doing that. My intention here is not to leave a very broad category, but indeed to narrow it as much as possible. So we would be happy to do that, and what I'd like to do is give you a written statement of what I would propose those criteria to be.

Chairman SPECTER. Would it be realistic to further limit the authority to the Director himself or herself as opposed to the Deputy Director unless the Director was incapacitated?

Director DEUTCH. Frankly, my strong view about management is that a director and his deputy have got to be alter-egos, and so I think that as it is stated now, it's exactly appropriate. I think the current criteria is proper.

Chairman SPECTER. As a possible additional safeguard, if that is to be the policy of the CIA—and I'm not saying that I agree that it ought to be—would it be appropriate to further condition that on consultation, notice or, perhaps, concurrence with the Chairmen and Vice Chairmen of the respective Intelligence Committees? Or does that diffuse the power too much?

Director DEUTCH. I certainly would resist concurrence, but I do believe that the current practice is and has been since the beginning, that there is notice given when it occurs.

Chairman SPECTER. Well, that's a pretty good sign, because no notice has been given to this Chairman.

Director DEUTCH. We don't want to talk about that, though, sir, I don't think.

Chairman SPECTER. Well, the absence of notice I think you can talk about.

Director Deutch, let me broach the next item on my agenda of questions while the yellow light is on, and that is the issue of terrorism in the Mideast, and you've touched upon it with respect to a number of countries there. The United States has made substantial commitments, as have other countries of the world, to the PLO to rebuild the PLO territories, conditioned on a couple of factors: the PLO renouncing the destruction of Israel; and the PLO renouncing terrorism and doing everything within its power to avoid terrorism. In your judgment, has the PLO and its chairman Yassir Arafat made every conceivable, realistic, practical effort to stop terrorism against Israel?

Director DEUTCH. My general impression is that the PLO has ceased to sponsor terrorism. I would like to provide a more detailed classified answer to that. But my answer would be in the affirmative as a general impression.

Chairman SPECTER. Well, I understand your use of the word "sponsor", but that has a considerable gulf between affirmative action in every possible way. But we'll await—



Director DEUTCH. On that point, I would have to inform myself before giving you a reply, and I would want to do it later, if that's possible, Mr. Chairman.

Chairman SPECTER. All right. Thank you very much.  
Senator Kerrey.

Vice Chairman KERREY. Thank you very much, Mr. Chairman.

Director Deutch, given the way that we've lined this up, I may reference some of the testimony that will come after you, if you don't mind. But I'd like to engage you at the start in a more general discussion. It seems to me that it's fair and accurate to say that every military action since DESERT STORM taken by the United States of America has been in response to the deterioration of some nation-state. As a consequence of that deterioration, there is a political-military problem that either becomes of humanitarian interest or of vital national interest to the United States, the most recent one being in the former Yugoslavia, where we led a negotiation in Dayton and then followed that negotiation with a deployment of U.S. forces as a part of IFOR. Is that the way you see the world?

I mean, it seems to me your testimony, Ms. Gati's testimony as well as General Hughes' testimony implies that what we're likely to see out there in the future, even in the case of North Korea, the implication is, the possibility is that the greatest threat may not be military but could, in fact, be the implosion and the deterioration of that nation-state and what consequences that might bring, would become a threat to the United States. Is that—

Director DEUTCH. Exactly, Senator Kerrey. My message is that's the kind of military situation we'll face. The other message that I bring with it is there's lots of them.

Vice Chairman KERREY. Does that imply that we are going to see an increasing importance of what you might call preventative diplomatic economic efforts?

Director DEUTCH. Absolutely.

Vice Chairman KERREY. In other words, deterring threats to the United States, through our own military efforts, may not be as easy as it had been in the past?

Director DEUTCH. I don't—the threats are not only to the United States; the threats are to peace and stability in regions of the world. But in general, I think that the military, as a military activity, only by itself, is not going to be a unique instrument for dealing with these problems; like Bosnia, for example.

Vice Chairman KERREY. But it is fair to say, though, is it not, that we're not going to be able, simply through—and I'm not suggesting, by the way, that I've reached a conclusion that we ought to disassemble our military—I'm just saying that we are going to be frustrated if we have an expectation that the strength of our own military is going to, on its own, provide us with the kind of security that we've expected it to do in the past?

Director DEUTCH. Senator, I turn that around, and I say that we have to be prepared, now, as a country, to meld together the diplomatic, military, and economic, humanitarian support instruments that we have in the foreign policy—

Vice Chairman KERREY. Let me take an entire continent, Africa—

Director DEUTCH. Yes.

Vice Chairman KERREY [continuing]. At the moment where it's hard to pick up the newspaper and read a report of some country in Africa and not pull the word—as General Hughes has done in his testimony—chaos, that we're apt to see chaotic situations where our military will have no impact at all. I mean, the kind of investments that we make; the kind of training that we do, and so forth; in our military, is not apt to have much of an impact upon events in Africa, though you could describe a scenario where we may have to deploy, as a consequence of that chaos, as we have done in Bosnia. The strength of our military in Yugoslavia had no impact upon the deterioration of Yugoslavia. It deteriorated, independent of our military capability.

Director DEUTCH. Yes, sir.

Vice Chairman KERREY. Our military capability was required and we had to deploy our military capability, I believe wisely so, inside the NATO deployment as a consequence of the deterioration of the nation-state.

Director DEUTCH. Absolutely.

Vice Chairman KERREY. It is fair to say that—as I listened to the debate about what happened in Yugoslavia, that many are of the opinion that there might have been something that we could have done had we been wiser, more prophetic in anticipating the events, let's say of 1989, 1990, 1991, in that era. I mean there is some suggestion that perhaps diplomatic efforts might have headed that off.

I'm not asking for a response, I'm just saying—let me tie it back to Congress. We're going to turn over in the U.S. Senate 14 members; there'll be 14 new members under the minimal circumstances. There may be more new members entirely. We're aware that statements that we make can have an impact upon what's going on in the rest of the world. So it occurs to me that one of the things that we need to be thinking about as a country is preparing ourselves to take stronger diplomatic roles than we have in the past. Is that a fair?

Director DEUTCH. Absolutely, sir. I mean, I cannot tell you how important it is from our perspective to have strong and effective and certain American foreign policy leadership in all these areas that I mentioned in the beginning of my testimony—in India, in China, everywhere.

Vice Chairman KERREY. Let me see if I can take another cut at this, Director Deutch.

I mean, what I'm saying in general terms is that throughout most of the cold war we depended upon our military to protect us. We had diplomats who were engaged in efforts and we had intelligence efforts that were contributing to the military's capability. But we had this balance of power between ourselves and the Soviet Union, between the Western world and the Soviet Union, between NATO and the Soviet forces. It seems to me that in the post-cold war era that we're not going to be able to depend as much on the military. I mean after we've made a decision of what the threats are and what kind of military capability is necessary to meet those threats—and they're still considerable; I'm not suggesting that they're not considerable—I'm just saying that increasingly, it's going to fall not just to the people's representatives, but the people

of this country themselves to understand what's going on out there in the world in order to be able to figure out in some hopefully coherent fashion what we need to do to make the world safer.

Director DEUTCH. Well, Senator, I believe that I'm in agreement with you. I would say that the foreign policy of the United States is going to be successful largely because of the efforts of our diplomatic efforts. We are in a massively fortunate time in our history where our military is strong and our military is able to protect our interests against all the adversaries that we can see for the future. I don't think it's a choice of either/or. But I do agree with you that at the present time the diplomatic efforts, the diplomatic strength is what is tremendously important in avoiding some of these deteriorating conflict situations that you point to.

Vice Chairman KERREY. Briefly stated, it seems to me that one of the things that would alarm me, were I in your shoes, would be a willingness on the part of the people still to presume that somehow the military is going to bail us out of all of these problems, as opposed to investments in United Nations, as opposed to investments in State Department efforts, as opposed to investment in the people's understanding of what's going on in the world.

If we elect, let's say 14 new members of the U.S. Senate who don't understand what our policy has been with China since 1949, it's been possible for us—particularly since the Shanghai Accords of 1972, it's possible for the U.S. Senate, for example, to make some rather stupid moves. In fact, it may be possible for us even without 14 new members to make rather stupid moves.

Director DEUTCH. Of course, I could not agree with that comment.

[General laughter.]

Vice Chairman KERREY. It may seem to some in humorous moments that we members of the Senate have arrived here from outer space, but we've not. We've arrived here from the country. We can only be as good as the country itself. One of the concerns that I guess I would have in a world that's becoming increasingly chaotic, in a world where power is being diffused away from central governments, in a world where there is a possibility of asymmetric attacks upon our interests using weapons of mass destruction or using some other terrorist effort, that if we don't understand and if we aren't making a full-scale effort to not only educate and prepare our citizens—whether they're serving us here or whether they're serving merely in the capacity of trying to decide which Presidential candidate to select—it seems to me that the United States could arrive at a point where once again we've got to send our soldiers to do something that we should have been able to prevent in the first place. I'm not suggesting that we could have been able to prevent Bosnia or the deterioration of that particular nation-state, but I am suggesting that it's not coincidental that U.S. forces have been sent since DESERT STORM, every single time, to take action as a consequence of deterioration of a nation-state.

Of all the things that alarm me, our own citizens capacity to be able to answer questions about what's going on in the world is perhaps the most alarming of all.

Let me ask you, Director Deutch, what your confidence level is of being able to identify nuclear programs, and to, in a preventative

fashion, be able to tell whether or not someone has the capacity to develop and use nuclear weapons?

Director DEUTCH. That's, of course, a very central concern that we have. I would say that we are more confident on nuclear programs than we are on chemical or biological programs, because it's easier to start those kinds of weapons of mass destruction programs with dual-use technology. Nuclear programs have the unique signature of highly enriched uranium or plutonium, which makes it somewhat easier to track them and identify them.

The experience of Iraq before Desert Shield, when found that there was a tremendous and huge program which had not been known and really internalized by the Intelligence Community, gives us some humility in this. But we have redoubled our efforts, and I would say that I am relatively confident but not secure that we can track nuclear weapons programs throughout the world.

I would be much less confident with chemical or biological programs.

Vice Chairman KERREY. So you would state that you feel confident today that you can detect a nuclear missile program prior to its use in a military situation?

Director DEUTCH. You said nuclear missile—now those are two different things. A nuclear weapons program, I would say I'm reasonably confident. And a nuclear missile—a missile program, I would say there I'm also reasonably confident—reasonably confident.

Vice Chairman KERREY. Thank you.

Chairman SPECTER. Thank you, Senator Kerrey.

Senator Robb.

Senator ROBB. Thank you, Mr. Chairman.

Dr. Deutch, I don't want to beat a dead horse here, but I'm concerned about the colloquy between yourself and the Chairman with respect to his first question, and it may be that there is some confusion that we could clear up here in open session, because I think the failure to do so leaves an ambiguity that may place journalists and others at unnecessary risk. Is there a distinction to be made between interrogating a journalist who may happen to have come into the possession of information that might be useful, as you would interrogate any other potential source of intelligence information, and a determination before any intelligence is gathered to place someone, who is either in the employment of the Federal Government or an agent of the government, under non-official cover as a journalist?

It seems to me that's the distinction between a reasonable practice and one that would, at least to me, be very troubling, if it's not a distinction on which you can make a clean break. If I may preface it, certainly it would help if we can say, so that journalists and others who are working in an objective, non-aligned capacity would not be subjected to unnecessary suspicion and perhaps other tactics that would make their job more difficult, that we are not putting anyone in the field with that cover, although we might take the opportunity to inquire from journalists, and anyone else, about information that might be relevant intelligence. Is that a fair distinction, or am I off base?



Director DEUTCH. I think the distinction is a good distinction. But I think that what is at issue here has to do with a policy of either using an individual U.S. journalist as a witting agent, or having a U.S. intelligence asset use a U.S. journalistic cover. Those are the two points that are at issue, sir, the latter two points.

Senator ROBB. Well, I think this is a matter that we may want, as a committee, to address in greater detail, and I don't think this is the appropriate place to do it. I understand——

Director DEUTCH. Senator, again, I want to come back and say that I'm pleased to hear your concern, the committee's concern on this issue. I want to say again that I am not interested in advocating broad areas here. I think that the journalists have a tremendously important and effective argument, and one of substance and merit. My problem is that my responsibility is also to imagine those rare cases where our interests or our people may be at risk, their lives may be at risk. So I have to continue to say that I favor continuing our current publicly known policy since 1977 on this matter and I think that upon reflection many Americans would agree with that exception, properly drawn and narrowly drawn, sir.

Senator ROBB. Again, I don't believe there's anything more that I could inquire about in open session that would be useful, but I do think that the distinction is one that ought to be examined; and we could do so——

Director DEUTCH. Yes, sir.

Senator ROBB [continuing]. At a later time.

Let me shift. There's a number—you gave us quite a smorgasbord of areas in the world where intelligence gathering is of critical importance to policymakers here in this country. I happen to have just returned from a very brief visit to the Middle East in pursuit of additional information about the peace process. The very small group—including another member of this committee, Senator Inhofe—and I had occasion to get briefings from some U.S. personnel in the Intelligence Community, and for that I am grateful.

Another U.S. national made a more recent trip to that region and his visits were not confined to the current participants in the peace process, if you will. Minister Farrakhan, at least according to news media, visited several of the heads of state and others in that particular region. The only question I would ask you at this point is how you believe the various countries that were visited interpreted that particular visit.

Director DEUTCH. Senator Robb, I have no comment on that. I don't think it's appropriate for me to comment on the travels of an American citizen abroad. I don't have any comment. I have not really reflected on it, either, sir.

Senator ROBB. All right. I'll pursue that in a different forum then.

Let me ask you a question about China. You described very briefly the concerns in that area and there are many, and China's relationships with the reversion of Hong Kong, with the missile technology, with the export of various items that are certainly destabilizing in the very least, with some more assertive actions in and around the Spratlys, South China Sea, etc., and certainly regarding the relationship with Taiwan at this point. I wonder if you could characterize your view, or the Intelligence Community's view, of

the understanding (or miscalculation) on the part of the current leadership in China with respect to intentions of either the United States or any of the other regional participants. Do you think that their understanding of what would fall within the scope of permitted self-interest in terms of security and other matters is sufficient to give us some assurance that an irrational decision would not be made with respect to any particular activity that might take place in the area?

Director DEUTCH. Senator, my own view is that the current Chinese leadership is almost completely preoccupied with two questions. The first is the leadership transition which is taking place after Deng Xiaoping. And the second is how to maintain political control of that enormous country during a time of economic opening—maintain still very strict and tight political control. All their actions, I believe, have to be interpreted with respect to those—through two vantage points. So we talk about the Spratlys, and when we talk about Taiwan, we should assess them, first of all, not in terms of bilateral, from the Chinese perspective—United States-Chinese relations—but rather with respect to how the Chinese interpret these things with—from the point of view of their internal political dynamic.

Therefore, I would say to you that we do not have an adequate common understanding with the Chinese on these matters. Because I'm approaching it from a different point of view, I do not believe that we have an adequate common understanding of these issues that are dividing us.

Senator ROBB. But is it fair to say that you believe that the struggle that you just indicated, in terms of the top two preoccupations of China at the moment, would reasonably foreclose any miscalculation that would create difficulties beyond those two particular problems that they're attempting to deal with?

Director DEUTCH. Not at all, sir, and let me give you a particular example. We do anticipate having exercises in the Taiwan Straits, across from Taiwan, by the Chinese before the upcoming election. A miscalculation or an accident—unintended—could lead to some very, very serious hostilities there. It's a particular example of where a miscalculation could lead to a very serious consequence.

Senator ROBB. Let me move just east of that area, generally speaking, to North Korea.

Recently a decision was made to provide \$2 million worth of emergency supplies, to respond to the famine and floods that have been cited by the North Korean leadership, in a somewhat unusual expression to the outside world that some assistance was needed. There have been a number of mixed signals regarding these problems. Based on the economic intelligence that we have, how would you characterize the situation with respect to the severity of the drought, potential famine, flood damage, et cetera, in North Korea, and their ability to respond to that need internally?

Director DEUTCH. The answer there is quite clear. We think that the economic conditions are worsening, and worsening quite dramatically, and that they have very little capability to reverse the consequences of that, in terms of starvation and further deprivation of their people.

Senator ROBB. With respect to the response that they gave initially to offers of help from the south—the South Koreans and other regional entities—would you characterize the basis upon which that less than positive response was made?

Director DEUTCH. It's very difficult for me to do so, because we do not have—and I do not have—a satisfactory understanding of what is governing the North Korean leadership's thinking process during this time of tremendous economic hardship. So, I cannot give you what I would consider a confident answer to what is dominating their replies—their response to some of these offers of assistance. I just don't have a—we do not have a good enough understanding of the inner workings of North Korea to give you a confident answer to that.

Senator ROBB. You mentioned the leadership. Would you care to address the reason for not vesting in Kim Chong-il two of the three titles held by his father?

Director DEUTCH. I don't—I personally do not believe that there's tremendous significance to that. The tension that we see—or the indications that we see are that he is compiling power in his own hands there, similar to what his father had, especially with the military.

Senator ROBB. Would it be reasonable to assume that the second anniversary of his father's death might be an appropriate time to vest those particular—

Director DEUTCH. We'll have to watch, sir.

Senator ROBB. OK.

Director DEUTCH. I can't—I don't have any information on it.

Senator ROBB. All right.

My time is up, Director Deutch, and I thank you.

Director DEUTCH. Thank you, Senator.

Chairman SPECTER. Thank you very much, Senator Robb.

Director Deutch, I know you are well aware of the fact that if any of the questions go beyond what you feel comfortable with, we can reserve them for a closed session. But I think it appropriate to comment for the record, that we're aware, on this side of the podium, of that limitation.

But I now want to take up with you the questions of the National Reconnaissance—the NRO—and the concerns about the NRO having so much more money available than this committee and the Congress generally understood them to have. This ties into the overall issue as to how much secrecy is necessary for the U.S. Intelligence Community.

Not too long ago, the Senate passed, by a slim margin, an amendment to make public the total figure of the Intelligence Community. That was changed in a conference report. I believe that you have testified, or, perhaps let me just ask you, what is your view about the propriety of making public the bottom-line figure of what the appropriations are for the U.S. Intelligence Community?

Director DEUTCH. Mr. Chairman, I am well aware of this debate, and it's happened in the past. I am looking forward to the recommendation of Harold Brown's panel on this question. I think a group of outside Americans of great probity, including some members of Congress, have served on that commission. My intent would

be to allow my thinking to be influenced on what their recommendation is on this point.

I believe that they will be making a recommendation, and I'm inclined to go with it. We should know what their recommendation is here on March 1st, when their report is made public. So, if I could, sir, I would say to you that that is going to heavily influence my position.

Chairman SPECTER. Well, you have some thinking on the subject at the moment, don't you, Doctor Deutch?

Director DEUTCH. I have testified on the subject. I think the way I have testified on the subject is that I do not believe that there is any great loss by making the top line of the Defense Department's budget public. But there has been some heated questioning from members of your committee about the ability to hold the line there and not have additional information of subcategories of the budget also made public. At that point, I think that one would run very serious risks of revealing sources and methods, which would not be helpful for the country's national interests.

So the top line, yes; below that, no. The overall budget.

Chairman SPECTER. The overall budget for the U.S. Intelligence Community?

Director DEUTCH. Yes, sir. Yes. And then going below that, no; has been what I've testified to in the past. I've received very heated questions from a member of this committee about whether that's plausible that one could maintain such a position, but I would leave that to Congress' judgment.

Chairman SPECTER. Well, why do you say that a disclosure of figures for the national Intelligence Community would be involved in sources and methods? We have a very serious issue with the NRO, and it is illustrative of the problem of secrecy, and if there is a reason for secrecy, then we ought to observe it. But I believe we're going to have to do more than simply generalize on sources and methods. But perhaps the best way to approach this subject within the confines of our time restrictions today, is to talk about the NRO. Is there any reason why the public should not know how much the National Reconnaissance Organization had in its account that was excessive?

Director DEUTCH. Mr. Chairman, first of all I could not agree with you more that secrecy is not—cannot be used as a cover for poor management and for poor financial management in particular. But there is a very good reason why the National Reconnaissance Office budget has been maintained secret from year to year, and that is by tracking that budget over time it would be possible, depending upon what level of detail, but even in the top line, the number of National Reconnaissance satellites that are launched. That is not a subject which I think should be publicly known—the number or types of satellites that are launched. So I want to absolutely associate myself with you and with the members of this committee, the minority member especially, that financial—lack of financial quality management is not permissible because a program is secret. But I also believe that going below the top line will begin to—getting finer and finer in detail—give information about the kinds of intelligence efforts that we have underway that will not benefit our national security.



Chairman SPECTER. Well, that's a marvelous answer, Dr. Deutch, fit for the Manchester debates in New Hampshire or the ones coming up in Arizona. But I don't think you've come near my question. My question is, is there any reason to conceal the excessive amounts the NRO had? Now, I'm not talking to you about mismanagement—

Director DEUTCH. The excessive amounts—

Chairman SPECTER. Excuse me, excuse me. I'm not talking to you about mismanagement and I'm not talking to you about their overall budget, which might give some insights into the numbers of satellites launched, which I want to pursue with you because I don't see a necessary connection.

Let me candidly state to you that too often when we get into these discussions we come up with sources and methods and we come up with items about satellites launched and we come up with generalized national security issues. But we have seen, in a free society, when the facts and figures are on the table, there are many people who take a look at it. It's available under the Freedom of Information Act so that citizens can take a look at it. It's available for investigative reporting. It's more available for congressional inquiry. There's simply not enough inspectors general or members of oversight committees or directors, even as competent as directors are, to take a look at all of this.

Now, coming back to my question, how they had excessive funds, the NRO did. Is there any reason why the American people should not know the figure of the excessive funds? There's been a lot in the newspapers. Any reason why we shouldn't tell the American people how much excessive funds the NRO had?

Director DEUTCH. The reason that one should not do that, Mr. Chairman, is that by itself—by itself that single figure does not place in perspective what the size of the program is and how that program is financed and how that event occurred, as inappropriate as it was.

Chairman SPECTER. But you're saying that—

Director DEUTCH. So that the American people will not have the correct impression of the National Reconnaissance Office from only revealing that single figure. That figure has to be seen in context to understand how it happened, where the money built up, what has been done about it, because it has been, by the Department of Defense and by myself, put back and given back to Congress when it was not needed and placed back in a program where it was needed. And to give you more—

Chairman SPECTER. Director Deutch, I don't want to interrupt you unduly, but we're not getting to the point.

Director DEUTCH. Yes, sir?

Chairman SPECTER. We're not on the point about what you've done or what the Department of Defense has done. I'm on the point as to why the American people shouldn't know what the excessive amount was. Now, you've said the total budget of the NRO ought not to be known because it might have some indication as to the number of satellites sent off. I don't know why that is, and we'll come back to it. But then I say, "How about the number in itself?" And you say, "Well, we shouldn't disclose that because without

knowing what the overall budget of the NRO was we shouldn't say what the excess was." I don't understand that answer at all,

But suppose it were a trillion dollars, suppose that it is so excessive—which I believe it to be—and has independent standing all by itself—I haven't asked you yet what the figure is and I haven't decided whether I'm going to ask you what the figure is——

Director DEUTCH. I'm thinking.

Chairman SPECTER [continuing]. Because I want to hear for the record what your reasons are that the total figure ought not to be announced. Now, if you say you shouldn't announce it because you can't—it doesn't have any understanding in the absence of knowing what their budget is, and then you can't tell us the budget because of the perhaps disclosures of satellite launchings, what you're saying is you can't say anything.

Director DEUTCH. Mr. Chairman, I will be very candid with you. I think you can't tell a story with one sentence. You can't just say that——

Chairman SPECTER. We haven't asked you to do that.

Director DEUTCH. My point is, Mr. Chairman, that that number by itself will provide a misleading impression to the American people. Your judgment has to be do you want to tell them everything about the National Reconnaissance Office, not just one isolated fact, I must say, a fact which is very damaging and not something that I condone. But the question is do you give a full impression or one number? And I would argue to you, you have to make the decision to give them a full story, but one number alone is misleading. That's my position——

Chairman SPECTER. What's the damage to national security if someone knows how many satellites have been launched?

[Pause.]

Director DEUTCH. I think that there is an answer that I would want to give to that in a classified setting. But let me tell you that knowledge of where satellites are and how many there are allow people to take actions to deny or deceive those satellite operations. So there's great merit to not having people know the nature of the satellites, where they are, or how many there are, because——

Chairman SPECTER. Well, the nature and where they are is totally different from how many there are.

Director DEUTCH. No, but the point is all three variables are important.

Chairman SPECTER. Well, the budget doesn't necessarily tell you where they are. It tells you—how does it even tell you how many there are?

Director DEUTCH. Estimates can be made, and it is the variations in the budget that will tell you about launch rates and the like. Again, it depends on how much you know.

Chairman SPECTER. Well, how likely is it that somebody is going to figure it out? And how likely is it that this is going to harm national security, compared to a live example of the NRO having flagrantly excessive amounts of money which have been accumulated because of our rules on secrecy? Dr. Deutch, my red light is on, and I'm going to stop. But I think that you and the Intelligence Community and this committee has got to do a much better job in coming to grips with the hard reasons for this security, if they exist.

And if they exist, I'm prepared to help you defend them. But I don't see that they exist. I don't think that they have been articulated or explained. As you know, in this hearing, there was a suggestion that we ought to have the NRO people in here because the consequences of having the NRO secrete a tremendous sum of money are minimal. Has there been any shake-up in the leadership of the NRO so far?

Director DEUTCH. No.

Chairman SPECTER. What has happened—well, I'll get into this in the next round—as to what has happened in the NRO. But one of the therapeutic qualities of the hearing process is for oversight hearings to come in, bring people in, and say what happened and why did it happen and explain about it on C-SPAN, and then other people who might have similar inclinations might want to avoid explaining it on C-SPAN. When the light shines in, it's the best therapy of all about having it avoided. I personally am very dissatisfied with what little the public knows about the NRO. I even wonder how much I know about the NRO. I won't go so far as to say that I wonder how much you know about the NRO, but I would go so far as to say that we found out the NRO didn't know very much about the NRO.

Director DEUTCH. Well, I should tell you, sir, that I am very concerned about what I knew about the NRO, because I would have expected to have been told more, either as Deputy Secretary of Defense or as Director of Central Intelligence. I think—

Chairman SPECTER. Well, did the NRO itself even know how much money it had squirreled away?

Director DEUTCH. Well, they certainly knew the size of these accounts. They certainly did, as was reported to Congress, on every occasion they reported to Congress. The problem was that they did not propose actions consistent with these large balances. Let's remember, these balances were reported every year to Congress. The issue was, did they draw significance, when they were asking for new appropriation, to the existence of these large balances, these excessive balances—

Chairman SPECTER. How about to the DCI? They were reported to the DCI, too, weren't they?

Director DEUTCH. They absolutely were, and they should have been reported to the Deputy Secretary of Defense. They were not.

Chairman SPECTER. They weren't reported to the Deputy Secretary of Defense?

Director DEUTCH. Let me put it to you differently. We certainly did not see them. We did not act on them.

Chairman SPECTER. Well, they had good reason not to report them to the Deputy Secretary of Defense.

Senator Kerrey, your turn.

Vice Chairman KERREY. Well, Director Deutch, actually I have an interest in getting to a couple of the witnesses that are going to follow you. I would—I would concur in much of what the Chairman has just said. I do, myself, believe not only the top line, but several of the other lines of the budget, not only could but should, for the purpose of giving taxpayer-citizens confidence that their money is being well spent. And indeed, I've spoken with you and I've spoken to the citizens at home about the remarkable success

of the CORONA Project. Now that we know what CORONA has done, it's easy for us to see what the connection between those electro-optical—those early electro-optical efforts and the policy-maker's ability to be able, for example, to conclude that preemptory nuclear attacks were unnecessary; that the Soviet nuclear program was smaller than what we had initially thought; in other words, that there is a connection between the intelligence and our efforts; and that, very often, those connections aren't seen, as a consequence of the secrecy that unquestionably is needed in many cases.

But, I do think, and particularly in the post-cold war era, that increasingly we're going to have to justify these expenditures to taxpayers. I think it's getting harder and harder to do it. The stories about the NRO have largely used phrases such as "slush fund" and "money wasted," and so forth. We know that money wasn't spent. We know that—in fact, repeatedly over the past couple of years, there have been public disclosures of instances where the efforts of the NRO, whether it's the identification of the North Korean nuclear program or the identification of Saddam Hussein's violation of the sanctions—violation of the Security Council's agreement, or providing our diplomats with the information that they needed to get a good agreement at Dayton; that time and time again—or, for that matter, whether it's providing you with the information that you need and that others need to come to us and say in an open session, "Here's what we think the threats are." So I may—I think that the—that the look at this CORONA Project in an open way has, at least for me, enabled me to do a better job of going home and saying, "OK, this is open now. Look at what it did for the period of time in the 1960's and 1970's when it was operating. Look what it did for your safety and your security. Look at the lives that it saved. Look at the dollars that it saved." And so forth. You can show it in an open fashion, and it gives people confidence.

Whereas in an environment of excessive secrecy, and I just think that it's very difficult to make the case, and you're not making the case, that the overall budget should be withheld from the American people. I think it's increasingly difficult to withhold other lines. If we have a case to make that sources and methods need to be protected, I'm a hundred percent with you. Let's protect sources and methods. Let's not reveal something that's going to make it counterproductive and difficult for us to carry out the missions of your agencies or other intelligence agencies.

Mr. Deutch, I don't want you to respond to it right now because I do want to get to the other witnesses, and I know that you would like to leave as well. But I am very much concerned about your views, and I've gotten them privately and would like to get them on the record prior to the recommendations of the Brown Commission as to what additional powers you think that you need. I do think that President Clinton has provided the Nation with an historic opportunity, given your relationship with the secretary of Defense, given your understanding and knowledge of the technology, I think the President has given the country an historic opportunity to change our laws so that in the future, given that we are a nation of laws not of people, not of personalities, that if we change our



laws today, that we might be able to provide future DCI's with the kind of authority and power that they need in order to be able to do the sorts of things that you identify need to be done in your testimony.

Director DEUTCH. Senator Kerrey, I look forward to that discussion with you and other members of the committee.

I'd like to say something to you and to Senator Specter. I am perfectly happy to enter into a discussion about how much of these activities should become declassified, these financial programs. That is an absolutely legitimate question for you to pose. As usual, Mr. Chairman and Senator, you make your case on this very well, and I will be happy to discuss that with you. Perhaps we should move more in that direction, and I look forward to continuing discussions on this point of how much of the program should become unclassified.

I also appreciate, Senator, your remarks about the NRO. They have done tremendous things for the country. The only thing you left off your list is they also have shown ethnic cleansing in Bosnia from their efforts from satellite photography. So it's a great organization. But I look forward to discussing with you and the Chairman how far one should go here. I take your point, Mr. Chairman and Senator.

Chairman SPECTER. Senator Robb.

Senator ROBB. Thank you, Mr. Chairman.

I, too, will be brief because I'm looking forward to hearing the other witnesses, and I do thank you Dr. Deutch. I have just a couple of items that I think are appropriate for discussion in open forum.

We talked a little bit about the situation in China. I don't believe we made specific reference to the relationship between Russia and China at this point, the warming of that relationship and what that portends. Could you comment briefly on where you believe that is headed and what implications it may have for U.S. policy-makers?

Director DEUTCH. Well, I will just mention two. I think you're correct to note a warming of political relationships. There's also an increase in trade, military armament supplies from Russia to China, and I think that that is probably the most significant aspect of the warming of those relations. I don't see them taking place in the near term or for the foreseeable future in a way that would really lead to a strategic realignment, but they are providing the Chinese with advance conventional weapons such as modern fighter aircraft that they couldn't have access to elsewhere.

Senator ROBB. Speaking about analysis on Russia reminds me that there was a fair amount of criticism of the Intelligence Community's economic analysis generally speaking, but specifically pertaining to the former Soviet Union. One of our colleagues, not on the Intelligence panel, has had more than a little to say about the accuracy and usefulness of some economic intelligence activities and analysis.

Is it your sense, at this point, that the Community has sufficient resources at its disposal to give a fairly accurate economic analysis of virtually any country or region in the world, or do we need to think about adding some other means of obtaining some of that in-

formation, much of it obviously available in the public forum on a regular basis?

Director DEUTCH. Well, our analytic capability in economic analysis of nations is completely dependent on how open they are and how well they conform to international standards of statistics production. Little of it, but sometimes important parts of it, are influenced by clandestine intelligence collecting. So our efforts to, for example, monitor economic change in Russia is much improved by the fact that they're a more open society. But there are countries in the world where we still have a very important absence of information which we would need to make the kinds of economic assessments that we would—

Senator ROBB. Could it be summarized as "trust, but verify," a term that is familiar from the recent past?

Director DEUTCH. Yes, I think that that's an interesting way of putting it. The more that it's in the public, the better off we are in our estimates. Occasionally we have some clandestine information in particular circumstances which are important. Trust plus verify is a good way of putting it, Senator.

Senator ROBB. One last matter, with respect to the presence and strength of the Iranian Revolutionary Guard in Bosnia. There have been newspaper reports on that topic. What can you tell us in open forum about that situation and how it is progressing, given the fact that under the terms of the Dayton agreement they were all supposed to be out mid-January?

Director DEUTCH. Senator, that's exactly right. Under the terms of the Dayton Accord, the Bosnian government had the responsibility for getting rid of the Iranian Revolutionary Guards which are there in Bosnia. We continue—I continue to be absolutely concerned about this matter. Not a day goes by that I don't discuss the progress that is being made with at least the Secretary of Defense and the Secretary of State. So I consider this still a very, very important matter with respect to the safety of our troops and the IFOR troops in Bosnia.

Senator ROBB. How confident are you of our ability to monitor that situation accurately?

Director DEUTCH. I'd rather take a pass on that, sir.

Senator ROBB. I understand. I think I won't pursue any other questions at this time, Mr. Chairman.

Thank you.

Chairman SPECTER. Thank you very much, Senator Robb.

Director Deutch, turning to the War Crimes Tribunal in the Netherlands, at the outset on this subject I thank you for your cooperation. Senator Shelby, who is the presumptive Chairman next year if we have a Republican majority, and I had occasion to travel together recently, and the final stop on our trip was in the Netherlands at The Hague to talk to the prosecutors on the war crimes tribunal. There is the potential, I think, for an enormous achievement in establishing a war crimes tribunal as a prelude to having an international criminal court, which institutionally could be the event of the century if we're able to carry it through. And a good bit of the success is going to depend upon the ability of the U.S. Intelligence Community to provide key evidence which may be usable against some very key people.

I wrote to you on January 18 after we had had a chance to talk on January 5, which was just a day after the day I got back, having had a meeting just the day before on January 4. And it is a very touchy situation internationally, because to carry out the Dayton Accords there has to be cooperation from Serbia and there has to be cooperation from the Bosnian Serbs, and there's a very unusual situation where the president of the Bosnian Serbs, Radovan Karadzic, is under indictment, as is the military leader of the Bosnian Serbs, Ratko Mladic.

The current arrangement is a curious one where the Dayton agreement provides that the NATO forces will not seek out these individuals under indictment, but if the NATO forces come upon them that they will be taken into custody and turned over to the war crimes tribunal. Recently there was an international incident where two men were turned over to the war crimes tribunal not under indictment, with the conclusion being that if the war crimes tribunal had them under indictment they could be turned over. And that, of course, has enormous potential impact upon the cooperation of the Bosnian Serbs and Serbia generally.

My question to you, before getting into the intelligence aspect, is a broader one, and that is, what is our overall capability to gather intelligence in support of indictments already issued against these two top Bosnian Serbian leaders? So there's already sufficient evidence for an indictment, but the prosecution team there wants to have what they call a Rule 61 hearing for the International Criminal Court, and that takes more evidence. Could you comment on that issue?

Director DEUTCH. Well, first, Mr. Chairman, as I have mentioned to you, and it's certainly the policy of our government, that is the assistance that we can provide to the War Crimes Tribunal from intelligence is going to be given. That is something that I've stressed and I think is very important for the same reasons that you do.

I do not believe that it is likely that we would find, and we have looked, or could collect material which would be compelling in a military—in a legal proceeding. That is not that kind of information that we would normally be able to get. Were we to come across it, we would provide it.

Chairman SPECTER. It would be corroborative evidence when you talk about the grave sites far removed from the battle lines, so that there's no question about those deaths having been inflicted in combat.

Director DEUTCH. We are perfectly in a position to provide that information. We—as far as I know, and I spoke to Justice Goldstone just a couple of weeks ago, I think that this is not only being provided in a way that they find useful for their investigatory efforts, but also we have a process in place which would allow them to use that information in a legal proceeding in a way that is appropriate for them. So I think that this is on track, and we are—if we had information about Karadzic or Mladic, or we had corroborative information and they requested it, or we thought it would be useful, we would hand it over to them.

Chairman SPECTER. Well, I thank you for your statements, and I think it is very important that the international community, in-

cluding the parties to the Dayton agreement, understand the determination of the United States in pursuing these prosecutions with the War Crimes Tribunal so that justice will be done against these atrocities and the acts of genocide.

President Clinton called me before the vote on the resolutions on Bosnia to talk about Senate support, and I had occasion to talk to him about the War Crimes Tribunal, and he is four-square behind them, from what he said to me privately and what he's also said publicly. I believe that the likelihood for congressional support for what is going on today will be enhanced by vigorous prosecution of these cases. It is my hope that some members of the Intelligence Committee will have an opportunity to visit Bosnia. There's an effort to limit the number of trips there so as not to interfere with the military operations, but this committee has already been active in supporting the prosecutions, and we intend to pursue it. We appreciate your cooperation.

Let me move quickly to a number of other subjects, because there is so much to talk about and such a limited amount of time.

I want to pick up the question of China, our intelligence-gathering facilities, the issue as to what's happening with China and Taiwan. Last summer the People's Republic of China test-fired short-range ballistic missiles near Taiwan, and last fall it conducted military exercises which had every indication of being directed to intimidate Taiwan right before their parliamentary elections. We have the issue of China's having agreed to abide by the provisions of the Missile Technology Control Regime, and yet last year Secretary of State Christopher commented publicly about a large body of evidence that China had sold M11 missiles to Pakistan. Now there are reports of China selling missiles to Iran and transferring nuclear weapon technology to Pakistan.

Picking up on the Taiwan question first, I believe it is very important that the People's Republic of China not misunderstand U.S. resolve that Taiwan not be militarily attacked or intimidated. What is your assessment, to the extent you can disclose it publicly, about the intentions of the People's Republic of China with respect to their belligerent activities toward Taiwan?

Director DEUTCH. Mr. Chairman, there's been a military buildup in the area. We follow it and monitor it extremely closely. I am not only concerned about Chinese intentions against Taiwan or some of the smaller Taiwanese-held islands in the area, but I'm also very concerned that, in their process of carrying out exercises in the area before the Taiwanese election, that, by accident or miscalculation, an event occurs that could bring hostilities. So I would just say to you that this is a matter which the community is following, on an interagency basis, extremely closely, on a minute-by-minute basis.

Chairman SPECTER. Well, because of the sensitivity of that subject, I will not pursue it further. But I think it's important to have that public statement about U.S. concern and about the United States following it very, very, very closely.

Then you have the proliferation issue. What is happening there, again, Director Deutch, to the extent that you can publicly say? Because if the reports are accurate, it seems to me that we ought to be taking very stiff sanctions against China. It's a tough issue,



given their psychology and the nuances of international relations. But if we don't show them we mean business about the laws on sanctions which the Congress has enacted, then it's open season on the proliferation of nuclear technology. What do you think?

Director DEUTCH. Mr. Chairman, the Intelligence Community continues to get accurate and timely information on Chinese activities that involve inappropriate weapons and military technology assistance to other countries: nuclear technology to Pakistan, M-11 missiles to Pakistan, cruise missiles to Iran. Our job is to obtain this information and provide it to our policymakers in this country to make a determination on what policy actions should be taken. I would say that the community is doing its duty here and doing it well and clearly.

Chairman SPECTER. Director Deutch, I turn now to some reports we've had about espionage by foreign governments which are inspired by ethnic considerations and by relying on ethnic groups in the United States. By a letter dated January 31 of this year, Senator Kerrey and I wrote to Defense Secretary Perry, calling his attention to a DOD memorandum which states: "The strong ethnic ties to Israel present in the United States, coupled with aggressive and extremely competent intelligence personnel, has resulted in a very productive collection effort." The memo goes on to say: "Many of our military friends are economic industrial threats. Some of these countries we deal with on a day-to-day basis"—and then parentheses referencing France, Italy, Israel, Japan, Germany, United Kingdom, et cetera. There are six incidents cited in the memorandum relating to Israel, which strongly suggest that it is more than a casual memorandum, although the Department of Defense issued a generalized disclaimer saying that it was the view of somebody fairly far down the line. There are no incidents specified as to France, Italy, Japan, Germany, the United Kingdom, or any other country.

My question to you is—well, I'd like your comments about the situation generally. We're still awaiting an answer from the Secretary of Defense. I would have thought that on a matter of this urgency we'd have one within 3 weeks, but since we don't, I'd like your comments on it.

Director DEUTCH. Well first, I want to say, Senator, that this memorandum did not come from any part of the Intelligence Community. It came from another organization in the Department of Defense, I believe Industrial Security—if I have the correct reference in mind.

Chairman SPECTER. Were you the Deputy Secretary of Defense at the time the memorandum was issued? I ask that only because of your disclaimer.

Director DEUTCH. No—probably. Probably.

[General laughter.]

Chairman SPECTER. Well let's not focus too heavily on lines of command.

Director DEUTCH. But it is a terrible document, simply put. It is a terrible document because it makes assumptions about how individual Americans might act, which I think is inappropriate. And I think that the response you will get from the Department of Defense will be of the same nature.

It is also true that we do have a counterintelligence responsibility to monitor what other countries actually do in this country to try and inappropriately penetrate our national security effort—facilities or national security operations, and we do take that very seriously. But the kind of counterintelligence assessment that we would give you is of a quite different nature than is contained in this memorandum.

Chairman SPECTER. Senator Kerrey and Senator Robb are anxious to question others. I wonder if I might ask just two more questions and let the Director go. Or do you want to proceed now by—

Vice Chairman KERREY. Well, Mr. Chairman, one of the things—I appreciate, Director Deutch, your wanting to lead off and take responsibility, as you always do. But what I find, particularly in reading General Hughes' testimony, is some very provocative suggestions that I think are important. Now maybe General Hughes is wrong. It would be the first time that he's wrong. But he's done exactly what I was hoping would occur on repeated opportunities to get an assessment of threats, which is to sort of say, OK, this is what we've done in the past, but the world's changing on us, and if we're trying to not just figure out what are the threats today and discuss current events, but what are the threats going to be 10 to 20 years from now, which is what we're going to be facing with the kinds of investments we're making today, we're basically building tomorrow's technology today and developing tomorrow's people today. That's been said enough times that it doesn't need to be repeated. But it's tomorrow's threats that are as big an issue as today's, it seems to me, as we try to decide what our budget's going to be and how we're going to appropriate money and all those kinds of things that we're going to be doing follow-on this year.

I see in his testimony, for example, some things that I'd like to ask you about as to whether or not you see the world the same way, as opposed to merely following on and hitting General Hughes, with the questions. For example, repeatedly throughout here in the testimony there are—and I presume you've read it. Am I on safe ground here? I'm not trying to get a battle going, I'm really trying to inform myself. I'm trying to get a sufficient discussion going here that I can make good judgments. As I read this—for example, one of the things that I hear myself saying is that I should direct an increasing amount of my attention to economic issues and to the whole question of what our foreign aid looks like, as opposed to merely trying to figure out what kind of satellites to build and what kind of authorization to give you throughout all the intelligence agencies. I hear myself saying—for example, on page 17 of the testimony, I think a rather remarkable beginning under terrorism: "Defining terrorism in the future is going to prove increasingly difficult." That's how it starts off on page 17. And follow-on on page 18 it says: "As a result of increased economic disparity, we can expect to see increasing alienation and a growth in related terrorist activities." Well that seems to be positing a cause here.

Now, I don't want to get into a discussion as to whether or not that's the only cause. But do you, Director Deutch, see economic—in the future, as you look in the future, do you see this kind of diffusion of power that General Hughes is suggesting, this kind of

possibility that chaotic events that we currently don't even have on our radar screen could emerge on our radar screen in the future and produce problems for war-fighters that may have to go in after the fact? That's what I was suggesting earlier with Bosnia. I mean, nobody in 1990 had Bosnia on the screen, or at least very few people. I doubt that it was a part of the threat assessment at the time, and yet we've got 20,000 troops over there today. So, do you—

Director DEUTCH. First of all, we are enormously fortunate to have General Pat Hughes as the new Director of the Defense Intelligence Agency. I have the highest regard for him, and I, with you, have found him rarely, if ever, wrong on any subject. So we should listen to him with the greatest of attention. He not only has practical background, he does have this ability to cast things in important ways. That's the first thing I want to say.

The second thing, and right on the point that you were mentioning, I've been absolutely, I think, consistent with Pat Hughes on the kinds of threats that we're going to have in the future, of which the terrorism that you mention is one and is certainly something that I've been very vocal about, that terrorism is a growing threat to the international community, not just to the United States. I don't believe that the source of that terrorism comes only from economic forces. It comes from other forces as well, ideological and extremist ideological trends. But I also believe that when our military forces are used, as we've seen in Haiti, as we saw originally in Somalia, and as we've seen in Bosnia, they are coming in a situation, as I've said here and publicly elsewhere, not just military force alone but coming together with a need to provide economic and humanitarian assistance and diplomatic efforts as well. I think that we are giving a consistent message here from all parts of the administration, whether it's the Intelligence Community, or the military, or the Department of State on these issues.

Vice Chairman KERREY. Well, let me follow on two additional questions. I apologize to General Hughes for asking you about his testimony, but it is very provocative testimony. I'm hoping to get this kind of testimony offered today. General Hughes says on page 7 that "There are those who speak of China as a future peer competitor of the United States. In our view, this would be possible only in the very distant future, certainly beyond 2010. At best, China's going to enter the new millennium with relatively small but key portions of its force equipped with late generation equipment. Much of the force will still be very old. It remains to be seen how successful this military will be in the assimilation of newer technology." That suggests a sizing of China's problem is largely a political problem. Perhaps a miscalculation with regards to Taiwan, perhaps provoked by us. That's why I suggested earlier that if members of Congress don't understand what our policy toward China is, what's in the Shanghai Agreement, specifically, it's possible for us to take action that could provoke China, that could create the very thing that we're describing that we want to try to avoid. So if this sizing of the threat is accurate, then it seems to me that we need to be talking about China in different terms than sometimes is done.

I mean, I've heard China described as a threat to the United States. Do you think that China is a threat to the United States?

Director DEUTCH. Military threat to the United States?

Vice Chairman KERREY. Military threat to the United States.

Director DEUTCH. It certainly has missile systems which can be a threat to the United States, but in terms of conventional military power, no, it is not.

Vice Chairman KERREY. Well, so you think that its military capability is not a threat to the United States. Its missile capability could potentially be a threat to the United States, but in general terms, do you think it's much more of a political threat to the United States. I mean, is it——

Director DEUTCH. Yes. That's what I think I testified to in providing you a range of situations—other than that China is not a threat to the United States, it's a threat to world stability, though, running through what are the concerns that we see about China. They range from providing assistance to other countries in gaining weapons of mass destruction——

Vice Chairman KERREY. In another piece in here, General Hughes says that "the prospects for the existence of a viable unitary Bosnia beyond the life of IFOR are dim." And then goes on to list a number of problems that are in here. Now, he does not suggest by that the IFOR won't still be a success. Does not suggest by that statement, that IFOR is a waste of U.S. effort. It most unquestionably in my mind will not be a waste of effort simply because the statement that the prospect for Bosnia beyond the life of IFOR, as he states in here, are dim.

Is that your own view, that the American people should not expect, given the current situation on the ground, that Bosnia as a unitary, viable nation will survive?

Director DEUTCH. I don't know enough, Senator, to reach that conclusion today. I would not express it that way, no sir.

Vice Chairman KERREY. But——

Director DEUTCH. I think it depends on what happens between now and when IFOR goes a year from now.

Vice Chairman KERREY. Certainly it's a goal of the President and the United States to have Bosnia survive as a——

Director DEUTCH. That's correct, and we would hope that our political and economic efforts would make that—as well as the good will, if you could call it that, of the people of former-Yugoslavia, that we would influence that. Yes, sir.

Vice Chairman KERREY. And do you believe that the list of things that have been identified in General Hughes' testimony comport to the sorts of things that we ought to be concerned about if we, as a Congress, want to support the administration's effort and NATO's effort to achieve a viable, unitary nation-state in Bosnia. "The efforts of the Muslim-led government to assert authority over the whole of Bosnia will be aggressively resisted, which we're obviously seeing in the suburbs now with the evacuation and the Bosnian-Serbs' decision to evacuate and to urge the Bosnian-Serbs to leave the suburbs . . ." I mean, are these the sorts of things that you think that we should be——

Director DEUTCH. Absolutely, sir. We are seamless in our views on what is of concern in Bosnia.

Vice Chairman KERREY. On page 16 of the testimony, again, what I consider to be a very provocative statement, and I person-



ally think an accurate statement, but one—that I'm tempted to follow along as well. I mean, it's easy to have someone get up and describe a threat, and the next thing you know, the audience is saying, "Well, gosh, it sounds pretty good. They've got their facts right. They sound pretty good. They seem to be getting it right. Maybe we ought to spend four or five or whatever billion dollars in order to defend against that threat." I mean, that's part of the problem in the post-cold war era is that threats aren't as clear as they used to be.

But in the testimony, he said, "I would recommend the committee be leery of anyone who appears to be emphasizing a particular Russian system or appears confident that that system will be fielded in militarily significant numbers." Again, General Hughes does not say that Russia is not a threat. It's simply describing in this particular context their capability, their economic capability of being able to develop any particular weapons system. In the testimony, he said that "Russia will stay at START I. The DIA's public assessment is they're not even sure economically if Russia can build what is necessary to meet the requirements of START II even if START II is not ratified by the Duma." So even if START II is not ratified by the Duma, the question is whether or not Russia's got the capacity to build and maintain the levels that would be required under START II, and thus, in that context, one of the conclusions is that the committee should be leery of those who would take a particular weapons systems that could be a threat to the United States, if that's all they were building, that's the only thing that they were working on, but in the context of their general economic condition and their general inability to train and so forth, that we should be leery of someone who would take a particular weapons system and build that up as a threat to the United States. Would you agree with that?

Director DEUTCH. Yes.

Vice Chairman KERREY. One statement that was made in regard to North Korea earlier on page 5 that I've got some questions about, is that "the military posture in North Korea remains very dangerous." There, I've got some questions as to whether or not the military of North Korea is very dangerous. Do you agree with that statement, and if so, why?

Director DEUTCH. There's no question that I agree with that statement. But I want to make a very important point here about the North Korean military posture, which I believe my friend Pat Hughes would fully subscribe to. We traditionally think of the military threat from North Korea as being an all-out invasion of the South. But that's not the only military incursion that could take place. Because of the growing instability and uncertainty in that country, one could find the North Koreans taking actions that were short of a major invasion of the South, which would present us with a tremendous problem but be short of an all-out invasion of the South. We have to be prepared to deal with those kinds of situations as well. And they can do so very quickly—that is we would not have a lot of warning before such an event took place.

Vice Chairman KERREY. Dr. Deutch, I would indulge the Chairman just to give a 60-second editorial which you've heard before. My first round of questioning that I was engaged in with you sug-

gests something you and I have discussed before, which is that, you know, I believe that democracy functions the best when the citizens are informed as a fundamental principle. Second, I tend to be pretty aggressive when it comes to informing the citizens. And third, I'm deeply concerned about our capacity to make foreign policy decisions, not only if we do not use the technologies that we have that enable us to inform the citizens, but if we don't come to the citizen aggressively and say: "Don't count on your military defending you. The military is strong. We're going to keep it strong. We're going to keep it well trained. We're going to fund it. We're going to build and supply it with the best technology that we possibly can." But the first line of defense is an informed citizen.

As I look at the array of things, particularly the transitional difficulties that we face today, it falls upon the people of this country to make the effort rather than merely trusting that somehow members of Congress or our military are going to get the job done for them.

Director DEUTCH. I understand, sir.

Chairman SPECTER. Thank you, Senator Kerrey.

Senator Robb.

Senator ROBB. Thank you, Mr. Chairman.

So as not to make the testimony of General Hughes and Secretary Gati anticlimactic, I will not interrogate you about their testimony at this time. I look forward to hearing from you.

I have a follow-up to the question that was posed by the Chairman relating to M-11 in Pakistan and China. There has been a great deal of public comment on this question. You indicated that you had obtained "accurate and timely information." You didn't respond to the ultimate question and I'm not even going to ask you the ultimate question, but may I ask you, have you provided specific information to the executive branch on that question?

Director DEUTCH. Yes.

Senator ROBB. Is there any ambiguity in the information that you have provided to the executive branch?

Director DEUTCH. There is always some ambiguity, sir. There's always some ambiguity. But not terribly much in this case I would judge.

Senator ROBB. I think that's where I'll leave that one.

Mr. Chairman, I thank you. I look forward to the testimony to come. I thank Dr. Deutch for his testimony, and I know that he visited with each member of the committee and gave us an opportunity to explore a number of other matters in greater detail, and for that I want to add my thanks as well.

Director DEUTCH. Thank you, Senator Robb.

Chairman SPECTER. Director Deutch, you testified in response to questions from Senator Kerrey that you were reasonably confident that the U.S. Intelligence Community could detect nuclear weapons in foreign hands?

Director DEUTCH. The development programs for nuclear weapons, sir. I thought I was——

Chairman SPECTER. The development of programs?

Director DEUTCH. Development of nuclear weapons programs by other countries is the question I thought I was addressing.

Chairman SPECTER. And that you could also—reasonably confident that you could detect ballistic missile development?

Director DEUTCH. Programs, yes, sir.

Chairman SPECTER. Well, does that leave anything out, then? Do you have a reasonable level of confidence that least that area of weapon of mass destruction you're able to detect?

Director DEUTCH. Yes. It leaves out chemical and biological weapon programs, development programs.

Chairman SPECTER. What is our level of ability to monitor and detect biological weapons, chemical weapons?

Director DEUTCH. It's a lot more uncertain, sir, because of the fact that much of the technology used in those programs is dual use, so the equipment and the technology can be procured for another purpose and then be diverted. It's hard to track it, it doesn't require large facilities, it doesn't require special nuclear materials, it doesn't require tremendous electricity or other signatures. So it's much more a matter where we have to have the ingenuity of our intelligence, mostly human intelligence services, discover it.

Chairman SPECTER. Director Deutch, you identified the Indian subcontinent as being the most volatile hot spot in the world.

Director DEUTCH. Yes, sir.

Chairman SPECTER. Sometime ago Senator Brown and I had occasion to visit in both India and Pakistan. We talked to Indian Prime Minister Rao, who expressed his hope that the subcontinent could become nuclear-free. We later had a chance to talk to Pakistan's Prime Minister Benazir Bhutto, who was surprised to hear that. She even asked if he had it in writing. I was surprised to hear that the prime ministers of India and Pakistan do not communicate with each other. What would your sense be about—this may be a little bit out of strictly the intelligence-gathering line, but perhaps your intelligence gathering does bear on it—for an initiative to try to bring together the officials of India and Pakistan very much the way the United States has brought together the officials in the Mideast? It might be that a morning in the Oval Office, an invitation that few can resist, could have some very dramatic effects of bringing those two countries to talk to each other.

Director DEUTCH. I think I'll take, if I can, sir, a pass on that. I think that's really a question about what is the way we want to carry out our policy on the Indian subcontinent. I don't think that I'm really in a position or the right person to address that question, sir.

Chairman SPECTER. Aren't you still a member of the President's Cabinet?

Director DEUTCH. That's correct, sir.

Chairman SPECTER. We had a long discussion about that when you became a Cabinet officer. I thought that opened the door to questions like that, Director Deutch.

Director DEUTCH. It certainly opened the door, but not to the right answer, sir. I try very hard, as you know, not to allow myself, as the principal intelligence officer, to get involved in policy formulation on that.

Chairman SPECTER. OK, it does open the door, subject to being closed.

Director DEUTCH. Thank you, sir.

Chairman SPECTER. On the intelligence line, what is the threat assessment as to Pakistan's development of nuclear weapons, the current strained relations, the likelihood of some military action between those two powers?

Director DEUTCH. I think that the tensions between those two countries, the animosity that exists, the problems that are present in Kashmir all point to a very, very tense situation and one that we watch very closely. Hostilities there certainly are a possibility.

Chairman SPECTER. Director Deutch, you commented that the U.S. Intelligence Community ought not to take activity to give any company an economic advantage in international trade. There is a collateral concern about economic espionage and the ability of the U.S. Intelligence Community to protect—not a sword, but a shield—to protect U.S. competitive interests. How serious a problem is economic espionage today in its potential adverse affects against U.S. companies?

Director DEUTCH. I would have drawn the most serious concern to be from foreign corrupt practices, in particular, negotiations which may take place abroad, in commercial contracts, as being the most serious threat to unleveling a competitive playing field. I think that the economic espionage against U.S. companies or U.S. firms or individuals is much less prevalent, but something that we try and assess, we do assess, and inform policymakers when we find that something is going on.

Chairman SPECTER. If you find a U.S. company is the victim of economic espionage, do you pass that information on to the company?

Director DEUTCH. No, sir, we would not do that. We would pass it on to a policymaker to make the judgment about the manner and way to——

Chairman SPECTER. When you say a “policymaker”——

Director DEUTCH. The Secretary of Commerce, the Secretary of State, depending on the circumstances.

Chairman SPECTER. Well, I had intended to ask you next, and will now, about the subject that you broach, and that is corrupt practices. We have a foreign corrupt practices act, which properly prevents U.S. companies from bribing public officials, but other nations do not.

Director DEUTCH. Correct.

Chairman SPECTER. Senator Bennett Johnston, a member of this committee, and I have been talking—really, his initiative and his idea—to introduce legislation which would impose a sanction on such a company in a foreign country, and perhaps impose a sanction on a country itself for not taking steps to stop those corrupt practices. What's your view of that?

Director DEUTCH. I'm not sure. I'd have to see the legislation and think it through. It's certainly, again, not an intelligence matter what legislation is adopted. I will say to you that I think that the Intelligence Community should be monitoring parts of the world where corrupt practices do lead to an unfair marketplace for American business.

Chairman SPECTER. Well, those corrupt practices do come to the attention of the U.S. Intelligence Community, do they not?

Director DEUTCH. Yes, they do.



Chairman SPECTER. And how do you handle those?

Director DEUTCH. We——

Chairman SPECTER. Pass them on to the policymakers?

Director DEUTCH. That's correct, yes, sir. I think it's important that we do that.

Chairman SPECTER. Do you know what the practice of the policy-makers then is by way of notifying the U.S. companies?

Director DEUTCH. I think that they're aggressive in that, but we can get you a more complete answer. I'm not prepared to do that now. I'm literally not prepared.

Chairman SPECTER. With respect to our relations with Mexico, Director Deutch, just how serious is the narcotics trade out of Mexico? We have not adopted a policy of sanctions against our very close neighbor, but how serious is the drug traffic coming out of Mexico?

Director DEUTCH. Well, I think the Mexican government and we are of a single mind on this, and that is that it is very serious indeed, that there is a growing passage of drugs through Mexico, a growing manufacture of certain kinds of drugs in Mexico. It's very serious for the American people, it's very serious for the Mexican people. I think our two governments are quite together on the difficulty that this poses for us.

Chairman SPECTER. Well, in addition to being of a single mind on it, how effective is the Mexican government in acting against the drug traffic?

Director DEUTCH. We are working with them through our law enforcement cooperative agreements, through the embassy down in Mexico City, through the State Department, to help them in their efforts to fight drugs. I would say that they are not as strong as we would like them to be.

Chairman SPECTER. Well, that's not—I understand the limitations of your response, but that's not a very precise response. It seems to me we really—I see you furrowing your brow. Do you want to supplement that or disagree with me?

Director DEUTCH. I would be happy to be very much more precise in closed sessions, sir.

Chairman SPECTER. Well, is the Mexican government really serious about stopping the drug traffic?

Director DEUTCH. I think the Mexican government and President Zedillo is very serious about it, yes, sir. They're——

Chairman SPECTER. Are they effective at all on it?

Director DEUTCH. Not as effective as they should be, sir.

Chairman SPECTER. Well, this is going to be my final round. There are some further questions I have as to Iran and Iraq, and perhaps I could pose a question and ask you to respond in writing, not to take any more of your time. I would be interested in your assessment as to the level of cooperation with our allies on sanctions against Iran. We have adopted a policy of sanctions against Iran and we are undertaking no discussions with them to try to isolate them. From my observations, I do not see that as very successful because our allies are not supporting us in that. I would be interested in a written response on that subject if you could provide it.

Director DEUTCH. Absolutely, Senator. Absolutely.

Chairman SPECTER. On the question of Iraq, I'd be interested in an updating as to your assessment as to how strong Saddam Hussein is at the present time and what the implications are of his welcoming back, or at least the public reports about his sons-in-law returning.

Director DEUTCH. Be happy to do that, sir.

Chairman SPECTER. I've been advised by staff—and we want to pursue this further, but I want to put this issue to you publicly—that staff advises that the NRO did not know the aggregate carry-forward and did not make those disclosures and that that's demonstrated by the NRO now changing its policy on the amount in this account. Also, the staff advises the NRO did not report to Congress these balances every year. What I'd like you to do is to take a look at those factual matters and let us know. And to the extent that you can provide those responses in an unclassified form we would appreciate it so that it can be publicly disseminated.

Director DEUTCH. Yes, Mr. Chairman.

Chairman SPECTER. Senator Kerrey.

Vice Chairman KERREY. I have no other questions.

Chairman SPECTER. Senator Robb.

Senator ROBB. I look forward to the next witnesses.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you very much, Director Deutch.

If you would wait just a moment, I'd like to talk to you privately.

We will now call Lieutenant General Hughes and Assistant Secretary of State for Intelligence and Research Toby Gati.

Welcome, General Hughes, and Secretary Gati.

General Hughes, we turn to you first. To the extent that you can abbreviate your remarks, we would appreciate it. Whatever statement you have submitted will be made a part of the record, as will your's, Secretary Gati, and that will open up the time for questions and answers.

Thank you.

Vice Chairman KERREY. I have no opening statement. You can proceed.

General HUGHES. I have no opening statement either, sir. Maybe Secretary Gati does.

Vice Chairman KERREY. Secretary Gati.

[The prepared testimony of Secretary Gati follows:]

#### PREPARED STATEMENT OF TOBY T. GATI

Chairman Specter, Senator Kerrey. It is a privilege to join you to present the views of the State Department's Bureau of Intelligence and Research on the current and projected worldwide threats to our national interests. In his "State of the Union" address, President Clinton defined seven threats to the security and national interests of the United States: the threat of terrorism; the spread of weapons of mass destruction; organized crime; drug trafficking; ethnic and religious hatred; the behavior of rogue nations; and environmental degradation.

These seven threats are our highest priority. They are our most immediate dangers, and the ones that Dr. Deutch, General Hughes, and I will focus on today. Threats of this type involve the actions of hostile states or groups or transnational phenomena with global consequences (e.g., narcotrafficking and proliferation of weapons of mass destruction). Such threats are now widely recognized and reasonably well understood. The intelligence community makes an invaluable contribution to our national security by effectively targeting these threats for collection and analysis.

There is a second kind of threat that often goes unrecognized, akin to Sherlock Holmes' dog that didn't bark. Such threats derive from missed or unexploited opportunities to advance our national agenda. If we fail to recognize such opportunities, or pursue them with ill-founded and misguided strategies, we can exacerbate existing dangers or create new ones. Intelligence can play a vital role in identifying opportunities for diplomatic intervention and provide critical support to our nation's policymakers as they seek to resolve problems before they endanger U.S. citizens, soldiers, or interests, and as they negotiate solutions to festering problems. This is the essence of "intelligence in support of diplomacy," an often ignored but vital component of our national security.

Our experiences in Bosnia and North Korea underscore the importance of intelligence in support of diplomacy and the consequences had we failed to exploit diplomatic opportunities when they arise. Similar opportunities for conflict resolution exist elsewhere; it is vital that we seize the moments to resolve problems through negotiations and thereby prevent missed opportunities from turning into threats to our interests. For example, early detection of the emerging crisis in the Aegean recently and timely intelligence during the critical hours of possible Greek-Turkish clashes proved invaluable in preventing a major eruption among NATO allies.

Our diplomats, the military, and intelligence professionals play critical, complementary, and mutually supportive roles in the identification, analysis, and response to threats to U.S. security and national interests. Believing strongly that all three are critical to this joint effort, I must issue a warning: the threats outlined in my testimony and in that of Dr. Deutch and General Hughes, are being exacerbated by actions that degrade our worldwide diplomatic presence. Simply stated, budget cuts are forcing the closing of overseas posts, the elimination of literally thousands of foreign service positions, the forced retirement of foreign service professionals, and the reduction or curtailment of several of our programs. This has already impacted our ability to identify, interpret, and ameliorate the threats we will discuss today.

Foreign service reporting is the lowest cost, least-risk source of intelligence on most threats, and diplomatic intervention and well targeted foreign assistance are the first-used, lowest-cost way to address every one of them. What we can no longer acquire via our diplomatic presence and foreign service reporting must be collected using more expensive, higher-risk methods. The problem is compounded by the loss or degradation of diplomatic platforms for collection by military attaches, commercial officers, and other U.S. government personnel. Even more dangerous is the erosion of our ability to ameliorate threats through diplomacy and the consequent increase in the likelihood that they will have to be addressed through costly and dangerous military intervention.

The shrinking foreign affairs budget has direct and detrimental consequences for our intelligence capabilities. When foreign service operations contract, intelligence suffers. We lose critical types of information and we diminish our capability to provide feedback to analysts and collectors. We also lose the insights of foreign service officers able to assess directly the behavior of officials in other nations as we seek to persuade them to work with us against rogue states and malevolent transnational actors.

I would be happy to discuss the latter types of threats in greater detail, but will turn now to the central focus of this hearing. The threats discussed below are grouped geographically and functionally, but are not necessarily rank ordered; all warrant serious concern and concerted efforts to reduce the risk to U.S. interests.

The overall list of threats discussed in this report is very similar to the one contained in my 1995 testimony to this committee, but the nature and intensity of specific threats has changed, often as a result of U.S. diplomacy. For example, although North Korea continues to pose significant collection, analytical, and military challenges, successful implementation of the Framework Agreement has frozen Pyongyang's nuclear program and Americans are now working at the Yongbyon nuclear complex to ensure the safety and security of spent fuel. The U.S.-led diplomatic effort culminating in the Dayton Agreements has brought peace to Bosnia but we now face the threat of attacks against U.S. personnel (including U.S. troops) by stay-behind mujahidin and irreconcilables on all sides. U.S. diplomacy also has transformed, and somewhat diminished, threats to Americans and American interests in the Middle East. Progress toward a comprehensive peace has eroded support for Hamas and other terrorist groups while strengthening the resolve of others to do even more to derail the peace process.

However, some of the threats noted last year have become more worrisome. In South Asia, commentators in India and Pakistan are publicly urging their governments to acknowledge—and intensify—their nuclear programs, and to develop and deploy new missile systems. China's military buildup continues and Beijing has



staged a series of threatening military exercises to intimidate Taiwan. Both in South Asia and in the Taiwan Straits situation the role of diplomacy may yet prove critical to a peaceful resolution, but both require careful monitoring by the intelligence community.

#### RUSSIA

The June Presidential elections will be a seminal political event in Russia. An open and fair election will mark an important step forward in Russia's evolution toward a rule-of-law state. But Russia's transformation into a more open society is not assured. Indeed Russia's development since 1991 has been fraught with difficulties. These result, in part, from the enormity of the task, but self-inflicted wounds, such as the military intervention in Chechnya and the legacy of the Soviet past also play a role.

A great deal has been accomplished in the last 5 years. Steps have been taken both to marketize and demilitarize the economy. A free press, open debate and political pluralism have been introduced. Russia has said that it accepts the independence of the other former Soviet states—welcome words which we must see reflected in practice—and established cooperative relationships with Western states and institutions.

Russia has been moving, on schedule, to meet the nuclear arms and missile reductions agreed to in START I. On non-proliferation, though we may not agree with every Russian undertaking—for example, sales of nuclear reactors to Iran—we would generally give Russia high marks for its support for and compliance with international proliferation norms.

The strong showing by Communist and nationalist candidates in the December 1995 Duma elections reflects popular dissatisfaction with the downside of the reforms—the rise in economic and political uncertainty, crime, economic inequality, and corruption. There is a good deal of nostalgia for the old Soviet Union: many now remember the inertia and stagnation of the communist system as stability and security. This is particularly so among social groups who have suffered most in the last 5 years, and among the many Russians who resent the diminution of Russia's place in the world. A victory by staunch opponents of reform in the June elections would mark a setback for Russia. It could hamper Russian integration into the world economy, limit U.S. opportunities to cooperate with Russia, and narrow the opportunities for Western business to contribute to the rebuilding of Russia's economy. Conversely, if Russia elects a more reform-minded President in June, the chances are greater that we will face a more stable, more democratic, and more outward-looking Russia.

But whatever the outcome, we are in for a period of rising nationalist rhetoric, coupled with assertive calls for strengthening the Russian state and Russia's role abroad, especially in the CIS states. In the short term, we should not anticipate dramatic changes in Russian foreign policy. The new Foreign Minister, Yevgeny Primakov, knows the outside world and understands that Russia's global influence is enhanced more by engagement than by isolation. Russia has far less ability to project power beyond its borders and challenge Western interests in third countries than did the Soviet Union. Equally important, the domestic levers of control that harnessed the country's economic wealth for political and military goals have eroded, regional leaders have gained new power, and the Newly Independent States and Central European nations the USSR once controlled are determined to keep their independence.

At the same time, the war in Chechnya has exposed serious problems within the Russian military and unleashed brutal military operations that have violated human rights and galvanized opposition within Russia while failing to break the Chechen opposition. As incidents involving the other parts of the North Caucasus widen the circle of devastation, the risks to Moscow's authority grow.

#### EAST ASIA

Despite several territorial disputes, relations among states in the region are more extensive and more mutually beneficial than at any time in modern history. Preserving the peace and stability that have brought unprecedented prosperity to the region—and to the United States—is a shared objective. Within this generally positive context, developments on the Korean Peninsula pose the most serious potential threat to U.S. interests.

*The Korean Peninsula.* The threat to American troops and to South Korea from the large, well-equipped and forward-deployed North Korean army remains high. But on top of long-standing concerns about North Korea's intentions, we must now add uncertainty about the domestic situation in the North and the possibility that



domestic economic or political turmoil could change the decisionmaking calculus that has long prevented conflict. Worsening economic conditions, severe food shortages, and somewhat unusual—though for now quite limited—military training patterns underscore the unprecedented stresses afflicting the regime in Pyongyang. Pyongyang's response to its growing economic and, possibly, political difficulties is extremely difficult to predict but will likely have important spillover impacts on neighboring countries. North Korea's tight security and closed society makes it one of the most difficult intelligence challenges we face.

At the same time, we have begun to engage the North Koreans diplomatically, gaining experience and insights as we go. We are slowly beginning to address critical issues in direct talks aimed at implementing the Agreed Framework. In addition to the nuclear reactor aspects I will address later, North Korea has allowed the Korean Peninsula Energy Development Organization (KEDO) to begin monitoring with high-technology U.S. equipment the use of heavy fuel oil provided under the Agreed Framework. Issues such as POW/MIAs also can more effectively be brought to the table.

Consequently, intelligence and analysis on North Korea increasingly are being called on to go beyond their traditional Indications and Warning focus to provide a basis for policies aimed at defusing tensions. As I testified last year, the danger of conflict remains unacceptably high. But, with our allies in South Korea and Japan, we are using diplomacy to create new economic and political opportunities for ensuring peace and stability on the peninsula.

*China.* The importance of a strong, stable, prosperous, and open China working in concert with its Asian neighbors and the United States cannot be overemphasized. China is seeking a global stature commensurate with its size, population, and permanent membership in the U.N. Security Council, participating actively in multilateral organizations like APEC and the ASEAN Regional Forum (ARF).

At the same time, China is modernizing its armed forces, acquiring advanced military systems, including fighter aircraft and surface-to-air missiles, to complement indigenous weapons development programs which have achieved only limited success. The People's Liberation Army (PLA) is also allocating resources to support more sophisticated training and the transition from a cumbersome ground army primarily oriented to the Soviet threat to a more mobile, streamlined force capable of dealing with regional conflicts, defending territorial claims in the South China Sea, or enforcing claimed sovereignty over Taiwan. The new Chinese threat buzzwords—"local and limited conflicts"—are thinly veiled reference to the Spratly Islands and Taiwan.

In 1995, Beijing attempted to allay concerns prompted by its military modernization by publishing its first-ever defense "white paper." This modest step toward transparency largely repeated Chinese positions on a range of military, security and arms control issues, but, concurrently, Beijing pushed ahead with confidence-building measures and security dialogs with its neighbors that ranged from low-level and modest (e.g., with Japan and India) to top-level and robust (e.g., with Russia and Burma). Running counter to these efforts, however, were China's construction of a new outpost in the disputed Spratly Islands and saber rattling in the Taiwan Strait.

China's emergence as a major regional power affects longtime American allies, who are unsure of China's capabilities and intentions during a period of leadership transition. Fueled by strong economic growth, China's neighbors are also modernizing their forces, primarily in response to new uncertainties about regional stability.

Beijing does many things which we find objectionable or problematic (e.g., its treatment of dissidents, strong-arm tactics in Tibet, failure adequately to protect intellectual property rights, and cooperation with Pakistan's and Iran's nuclear and missile programs), all of which are widely reported. But we also have many shared interests, including preservation of stability on Korean peninsula, narcotics control, crime prevention, and protection of the environment.

#### THE BALKANS AND EUROPE

Peace and stability in the former Yugoslavia is possible only if the United States and other participating forces, diplomats, and humanitarian and civil reconstruction organizations build on the achievements of American diplomacy in the Dayton agreements. The threat of hostile action remains high, both among the parties and on the part of foreign-origin terrorist elements. Securing the peace will be difficult and its prospects doubtful unless military separation and confidence-building measures are accompanied by success in the far more difficult tasks of economic reconstruction and societal reconciliation. These tasks will take not one, not two, but many years.

The scale of reconstruction required is staggering. The war in Bosnia has caused the greatest refugee flows since World War II; infrastructure and housing stock requires major repair; warring factions must be disarmed, elections held and public security restored. Radical extremists from within and outside of Bosnia will try to derail this peace process. Indicted war criminals may seek to avoid prosecution by the International War Crimes Tribunal by fomenting discord and fanning old animosities. It is essential that American diplomats, as well as United States and allied troops, be accorded the full support of the entire intelligence community.

Reconciliation in Croatia has taken a strong step forward with an agreement for peaceful integration of Serb-occupied Eastern Slavonia under the guidance of a United Nations Transitional Authority. But again, there is a real danger that extremists and criminals will seek to block demilitarization, the return of displaced persons, and the protection of local minorities, all of which must be accomplished to ensure tranquility and social justice. If the peace does not hold in Bosnia and Croatia, there is a serious risk that the conflict will spread by igniting latent disputes within and among the other countries of the former Yugoslavia.

Across East Central Europe, fledgling democracies are struggling to cement reforms, maintain the momentum of democratic evolution, and vest authority over military forces and security services in civilian hands. Stability is not yet assured in this region; the United States, working with the European Union, the Organization for Security and Cooperation in Europe (OSCE), and a host of capable partners continues to press for measures with which to strengthen and anchor these nations into Western institutions and patterns of cooperation.

#### MIDDLE EAST AND NORTH AFRICA

The goal of U.S. policy in the Middle East is a stable, peaceful, economically prosperous and politically open region, in which Israel is fully accepted and secure, the flow of oil fully guaranteed, and the impetus to acquire more deadly arms is redirected into constructive endeavors. Completion of the Middle East peace process is key to achieving these objectives.

Despotic regimes, faltering pursuit of economic reform, popular resort to religious extremism, and high birth rates still threaten political and economic stability. More to the point, Iran, Iraq, and Libya continue to threaten their neighbors. Under Saddam Hussein, Iraq mounted two catastrophic military invasions and pursued an active program to build nuclear, chemical, and biological weapons. Baghdad has for several years obstructed the work of the U.N. Commission charged with dismantling its capacity to build such weapons. U.S. Intelligence support has assisted UNSCOM in carrying out its WMD monitoring and verification activities in Iraq. Iraq and Iran continue to threaten two vital U.S. interests: regional stability and the free flow of energy resources in the Gulf.

Iran, Iraq, Libya, Syria and Sudan continue to harbor terrorists. All except the latter engage in or plan programs to acquire weapons of mass destruction and missile technology. These policies are particularly dangerous and worrisome when pursued by authoritarian regimes with proven interest in regional destabilization. Syria, which is also on the terrorist state sponsors list and engaged in acquisition of CW and advanced missile technology, is also actively negotiating with Israel to achieve a peace agreement. Reaching an agreement would obviously have an impact on Syrian behavior in these areas.

#### SOUTH ASIA

The original motive for India to acquire a nuclear weapons capability—the threat it perceived from China, which fought a war with India in 1962—remains salient in Delhi. India's nuclear program drove Pakistan to acquire a matching capability to counter the perceived threat from India. Mutual suspicions on the subcontinent, increasing acceptance in both India and Pakistan of the idea that nuclear weapons are an essential attribute of major power status, and reluctance of either country to rely on an external protector make this one of the most troubling regions on the globe.

The half-century Indo-Pakistani dispute over Kashmir worsened with the surge in discontent against India by Kashmir's Muslim population beginning 5 years ago. India charges that Pakistan's assistance to secessionist militants in Kashmir impedes political resolution of the problem; Pakistan claims that it offers only moral assistance. The Kashmir dispute is not easily susceptible to resolution and remains a possible flashpoint for regional war, with the potential to escalate into a nuclear exchange.

Another persistent and troubling regional issue is the fighting in Afghanistan, a country riven by ethnic, tribal, ideological, and personal differences. Despite ongoing

U.N. mediation efforts, there is no end in sight to the civil war. Afghanistan is a focus of meddling by its neighbors, a continuing source of training and weaponry for international terrorists, a center of narcotics trafficking, and a generator of instability in the region.

#### LATIN AMERICA AND AFRICA

Latin America and Africa illustrate dramatically the importance of transnational threats to security. Although no nation on either continent militarily threatens the United States directly, activities within and across national boundaries impact U.S. society and feed regional instabilities.

*Latin America.* No American or Caribbean nation threatens U.S. military or economic security, and no regional equivalent of Iraq or North Korea has the military might to threaten regional peace and stability. Moreover, no regional actor is an imminent WMD proliferator or Iranian-style sponsor of international terrorism.

Two developments in the region do threaten U.S. interests: drug trafficking and uncontrolled migrations. The flow of cocaine out of source countries in the Andes (Bolivia, Peru, Colombia) and into the United States through a number of transit points—especially Mexico—poses a continuing threat to our social fabric. Potential migration flows from countries like Cuba and Haiti, as well as increasingly sophisticated and persistent alien smuggling operations, tax the response capabilities of U.S. government agencies at all levels and create the potential for humanitarian disasters.

Cuba is in desperate economic straits, no longer a model to any Latin nation or an active conduit for destabilization. Cuba's isolation from the general progress made in the Americas toward democracy increases the likelihood of rapid, destabilizing social and political change with the potential for yet another mass migration.

In Haiti, the demobilization of the armed forces, successful deployment of the new Haitian National Police, and recent democratic transition have reduced the threat of a massive new wave of boat people. However, lack of tangible economic improvement, or failure to interdict and promptly return intending migrants to Haiti, could trigger some increased activity. The threat to U.S. forces in Haiti will diminish as numbers are reduced and the scope of their mission narrows: U.S. forces will stand down to force-protection mode by the end of February, and the concluding phase of the UNMIH mission will end in early April. It is expected that the UNMIH-II mission, which does not employ U.S. forces, will ensure adequate security for U.S. military engineers and other specialists that may do brief rotational stints in Haiti over the coming months.

*Africa.* Africa's recurring human tragedies—genocidal ethnic conflicts, civil wars, massive refugee flows, starvation and malnutrition, AIDs and other deadly diseases—remain in the spotlight. While these do not threaten our nation's security, they frequently require commitment of resources, mostly for humanitarian purposes but also military resources that are then unavailable for deployment elsewhere. Collapsing states and humanitarian crises also threaten attainment of the important U.S. objectives of democratization, protection of the environment, and expansion of the global economy. African peacekeeping initiatives in Liberia, the multinational forces in Angola and U.S. support for the peace process in Mozambique, our commitment to a democratic, multi-racial government in South Africa, and efforts to change the policies of Nigeria's leadership are essential to the attainment of lasting peace and sustainable development everywhere on the continent.

#### TERRORISM

International terrorism poses one of the most alarming threats to the security of U.S. government personnel, civilians, and such other interests as the Middle East peace process. In 1995, terrorists killed two U.S. officials in a shooting in Karachi and five more in a bombing in Riyadh. Effective counterterrorism operations prevented a much higher number of casualties by thwarting attempts by terrorists linked to the World Trade Center conspirators to bomb several U.S. commercial airlines in East Asia. Indeed, our security resources are constantly stretched thin by the plethora of threats to our diplomats and facilities abroad.

Hostage takers throughout the world seek out Americans; terrorists in Colombia and Kashmir hold Americans for ransom and/or political leverage and Americans in several countries are targeted by terrorists. The World Trade Center bombing is a constant reminder that Americans at home remain vulnerable to foreign terrorists seeking bigger headlines and intent on inflicting mass casualties.

Despite a proliferation of new, non-state terrorist groups, state sponsorship of terrorism poses a special challenge. The most serious offender is Iran, which provides money, training, and weapons to secular and Islamic radicals who use violence to



undermine our efforts to facilitate peace between Arabs and Israelis. Sudan harbors many terrorist groups, including the Egyptian Islamic Gama'at which tried to destabilize Egypt with its plot to kill President Mubarak in Ethiopia last June.

Newer terrorism threats emanate from the chaos of postwar Afghanistan where training camps continue to turn out "graduates" eager to return to fight against conservative regimes. Ethnic conflict in Russia recently spilled over into the international arena as Chechen separatists hijacked a Turkish Black Sea ship. Peace-keeping in Bosnia is endangered by potential terrorist threats from local and foreign elements.

#### DRUG TRAFFICKING AND INTERNATIONAL CRIME

Major drug producing and smuggling organizations continue to flood the United States with illegal narcotics and overwhelm our demand reduction efforts. They often exploit the vulnerability of the less advantaged segments of our society and exacerbate existing social ills. Our interest in strengthening the trend toward democratization in our own hemisphere, so pronounced in the last decade, is jeopardized by the corrosive impact of traffickers. The impunity enjoyed by many kingpins severely undermines popular confidence in government.

Much public attention has focused on Latin America, but heroin, mainly from Southeast Asia's Golden Triangle of Thailand, Burma and Laos continues to make inroads in the U.S. market. Progress in the war on drugs has been difficult; it cannot be achieved at all without the cooperation of producing nations. Winning that cooperation is a task for diplomacy backed by effective programs for countries that are committed to cooperating with us.

International organized crime knows no borders. It threatens the operations of U.S. business, disrupts the transition to democracy and market economies and affects the distribution and effectiveness of U.S. assistance. Our interest in stability and democracy in the former Soviet republics and Central Europe is threatened by criminal groups which take advantage of privatization, corrupting government officials and using illegally acquired wealth and intimidation to gain control of banks and commercial enterprises. As Russian organized crime groups have gained strength, they have reached out to form alliances with well established criminals in Europe, South America, and Asia.

#### PROLIFERATION CONCERNS

The spread of weapons of mass destruction (WMD) poses a serious and growing threat to U.S. national interests at home and abroad and will likely continue to do so for years to come. The United States has made curbing proliferation a top priority and a key factor in our diplomatic consultations and military preparations worldwide. The United States will continue to lead the international effort to negotiate a Comprehensive Test Ban treaty (CTBT), which the President has indicated he wants to sign later this year. The CTBT, in combination with the indefinite extension of the Nonproliferation Treaty and a future treaty for the global cessation of fissile material production, will strengthen significantly the global nonproliferation regime.

In addition to this multilateral approach, the United States will continue to focus on key regional hot spots where proliferation is most likely to occur or worsen. These regions include the Persian Gulf, the Korean peninsula, and South Asia. The United States will work to ensure that fissile material does not seep out of the former Soviet Union into the hands of determined proliferators or terrorists. I would like to say a few words about each of these concerns.

*Fissile Material from the Former USSR.* The newest wrinkle in the global struggle to stop the spread of nuclear weapons is the effort to track and safeguard fissile material in Russia and the former Soviet republics. We regard this as a very serious problem, even as the number of reported incidents of fissile material smuggling from the former Soviet Union declined sharply last year compared to cases reported in 1994. We will need continued international vigilance from the diplomatic, intelligence, and law enforcement communities to combat smuggling. A keen understanding of the problem we face will help shape a diplomatic strategy for the April nuclear summit in Moscow.

*North Korea.* Pursuant to the Agreed Framework, the North Korean nuclear reactor program at Yongbyon remains frozen under IAEA observation. The North and the U.S.-led Korean Peninsula Energy Development Organization (KEDO) recently reached agreement in principle on a light-water reactor supply contract for the civilian power reactors that will replace the North's gas-graphite system. Almost inconceivable 2 years ago, U.S. technicians today are working with North Korean counterparts to prepare the North's spent reactor fuel for long-term storage and eventual



shipment out of North Korea. (This fuel contains enough plutonium for a couple of nuclear weapons.) Despite this progress, the Korean peninsula remains the most heavily armed region in the world, and it will take years to complete the Framework and reduce tensions on the peninsula.

*Iran/Iraq.* The flight of Saddam Hussein's brother-in-law Husayn Kamal to Jordan last year led to a spate of revelations about ongoing WMD-related activities in Iraq. We do not believe Kamal's recent return to Iraq undercuts the value of what he told us last summer. Though we have never been satisfied with Saddam's cooperation with U.N. weapons inspectors, this defection produced substantial proof of Iraqi concealment efforts. UNSCOM experts are sifting through the documentation that Iraq has since provided, but it will be months before a determination about Iraqi disclosures can be made. In Iran, unfortunately we see no let-up in Tehran's efforts to try and acquire WMD technology. Iran has developed chemical weapons and short-range missiles, and Iran continues to pursue a nuclear weapons program. Although we cannot relax our vigilance, our diplomatic efforts have served to limit Iran's nuclear capabilities.

*South Asia.* Nowhere in the world are the stakes for the global nonproliferation regime higher than in South Asia. India and Pakistan stand at a cross-roads in their history. If they are prepared to cap their nuclear and missile programs, they can become a force for progress in the global effort to negotiate a CTBT and a fissile material production ban treaty. On the other hand, if Delhi and Islamabad choose instead to accelerate their weapons efforts, they will find themselves increasingly isolated from the global mainstream. New Delhi's recent efforts to attach a timebound pledge on nuclear disarmament to the CTBT could complicate efforts to get a treaty this year.

#### NATIONAL INTERESTS IN A "GLOBAL ERA"

We see and understand the immediate national security threats from nuclear proliferation, terrorism, and drug trafficking, but there are threats to our security and well-being that are less obvious and therefore more difficult to target, involving humanitarian and environmental issues. When the United States responds to humanitarian tragedies or negotiates multilateral environmental accords we do so for altruistic reasons but also because they affect the long-term safety and prosperity of our citizens. And more often than not, we do so in cooperative undertakings involving the United Nations and its specialized agencies, regional organizations, and coalitions of like-minded states.

Natural and man-made disasters spill across borders, disrupt national economies, and weaken foreign governments. Increasing population and economic pressures and deteriorating environments—from the Horn of Africa to Central America—will erode U.S. foreign policy efforts aimed at promoting regional stability, reducing ethnic tensions, and supporting democratization. The intelligence community's technical and analytical capabilities cannot solve disaster-related problems, but they are being used to better understand disaster-prone areas and to assist U.S.-supported relief efforts.

Forced population displacements that affect tens of millions of people worldwide raise tensions with neighboring countries over immigration policies and border security. The United States invests large sums in programs to assist displaced people and refugees fleeing from civil war and other crises in part to ease these tensions. Safe refugee repatriation is a major component of restoring peace, whether in Bosnia or Rwanda. But voluntary repatriation, whether to the West Bank or Haiti, also depends on peacemaking and peacekeeping efforts, underscoring the point that security and humanitarian interests are often intertwined.

This winter's record snowfall in the Washington, DC, area demonstrated how vulnerable we are to ecosystem fluctuations. Climatic disruptions in other regions are often even more destructive, affecting each year hundreds of millions of people. While global climate change impacts the long-term well-being and security of us all, more localized environmental crises can have immediate health, economic, and even political implications in such countries as Russia and China. Transnational environmental problems, including deforestation, decreasing biodiversity, water and air pollution, and hazardous waste dumping also affect U.S. economic interests. We are just beginning to understand the true, long term costs of ecological degradation on U.S. security. The intelligence community has only recently begun to explore the unique role it might play in helping to assess this type of security threat.

*Unfair competition and other economic issues.* The success of U.S. firms in international markets is one of the major underpinnings of this country's economic growth during the 1990's. But a byproduct of globalization has been increased efforts by companies and some governments to avoid playing by the rules. U.S. firms

do not shrink from dealing with tough but essentially fair practices on the part of their competitors, but, particularly in major aircraft, military, and infrastructure contracts, they face unfair competition that can include bribery, political linkage, and other illicit or unfair practices. The impact of these practices on the well-being of our citizens can be direct, when contracts and jobs are lost, or corrosive to democratic institutions, as when governments are corrupted.

#### CONCLUDING OBSERVATIONS

The threats to Americans and American interests have changed dramatically in the last decade. The danger of deliberate—or accidental—nuclear incineration has diminished greatly but the threat of harm in an act of terrorism or drug-related crime has increased. With the end of the cold war, the replacement of authoritarian regimes by fledgling democracies, and wider acceptance of open markets and shared responsibility for threats to the global ecosystem, we should feel more secure than most of us do.

Our heads may tell us we are safer, but our instincts—and news reports—argue otherwise. Head and instinct are both right. The threat to America's survival has diminished greatly, but threats to our well-being continue to exist and may even be increasing.

The overview of the most prominent and easily identified threats to our security presented here and in the other submissions for this hearing provides a useful guide to the challenges confronting U.S. policymakers, diplomats, military planners, and the intelligence community. But our fellow citizens have other fears and feel threatened by dangers that are less easily defined, let alone quantified. The intelligence community does a good job ferreting out and interpreting information on the "big" threats discussed above. But in all of these—and particularly an transnational and global issues—we diminish our intelligence capabilities, put our soldiers at risk, and weaken our national security by emasculating diplomatic, foreign aid, and development assistance levers.

#### STATEMENT OF TOBY GATI

Ms. GATI. If I could, I would just like to follow up on some of the points that were made about the balance between military threats and the response to diminish the threats to our country. And Senator Kerrey, it follows very much on your points.

In my testimony I talk about one of the threats to our country being the lack of resources and capabilities to overcome problems and our inability to take advantage of opportunities. I point to two specifics, one in Bosnia and North Korea. In my view, these demonstrate two things. The first is the importance of intelligence, which is very clear in both. And the second is the consequences if we had not had robust diplomacy and come through with successful negotiations.

In North Korea we have an agreement that has made it unnecessary for us to consider the use of U.S. troops, thus saving America enormous resources and tensions on the Korean Peninsula.

In Bosnia the successful negotiation led to the use of troops, but in a situation that is much less dangerous than the other alternatives we faced.

We had a crisis last week in the Aegean where intelligence was critical to preventing a crisis, but it was also true that diplomacy was critical to avoiding a crisis. So in addition to the identification of threats by the Intelligence Community, I did want to underscore that the threats that we have spoken about are made much more dangerous—and the likelihood of having to turn to the military much greater—because we have degraded the other responses—our diplomatic presence, our Foreign Service officers, programs that we cannot leverage to have countries respond in a way satisfactory to us without using the threat of military force.

Foreign Service reporting is the lowest cost, lowest risk source of information and intelligence. If we don't get information that way, in parts of the world where we don't have other sources of information, we will turn to higher cost methods and higher risk methods. The connection between how we get the two kinds of information we require is very direct.

I was just in Sarajevo, and certainly the military out there understands that the implementation of the Dayton agreements will determine the success of what happens in Bosnia. Our troops are doing a very dangerous job and doing it exceptionally well, but all of them understand that they are part of a much larger process, a process that, I might add, is not funded to the extent that it needs to be.

Ask intelligence personnel and they will say that a shrinking foreign affairs budget has direct and very detrimental consequences on intelligence capabilities. We lose information; we lose expertise; we lose the ability to deal with countries. And I think that is very important and follows very much, Senator Kerrey, on what you were saying.

Vice Chairman KERREY. Secretary Gati, I've got one question I wanted to ask on behalf of Senator Graham, who was concerned about intelligence documents that were seized from the government of Haiti, from the Cedras regime, by the multinational force in the October 1994 intervention. And the question that Senator Graham has is: when will those documents be returned?

Ms. GATI. Many of those documents have been returned. The concern we had was American names in those documents, and making sure that they were returned without this information. Some of it has been returned and there are plans to return the rest of it.

Vice Chairman KERREY. Does the document implicate Americans in human rights violations?

Ms. GATI. No, it doesn't. Most of the information has connection with FRAP, as opposed to human rights violations.

Vice Chairman KERREY. What is the response of the Haiti government to our insistence on redacting American names?

Ms. GATI. They have not accepted the documents because they do not accept the premise of redaction. But the documents are there and we are working to make sure that the rest of the documents do get down there. The American names will be taken out.

Vice Chairman KERREY. General Hughes, if I could, the testimony that I had that you were going to give, apparently you have made the decision not to present that testimony?

General HUGHES. That's correct, sir. That testimony was prepared for my predecessor. I did not have a chance to look at it until yesterday, and decided to withdraw it and submit new testimony that more accurately reflects my views. Having just come from the J-2 and having done this work for a long period of time, I probably wouldn't have characterized my view of the global security environment in exactly the way that that prepared statement was written. So I hope that you will grant me the ability to resubmit a new prepared statement that more accurately reflects my views.

Vice Chairman KERREY. Whose views do these—

[General laughter.]



General HUGHES. They reflect the views of the author of the document, a Defense Intelligence Agency analyst, who did a very good job, and most of the paper I will probably endorse. But some of the viewpoints and ideas reflected in the paper I will change, and some of the words and the method of presenting ideas in the paper I will modify to meet my personal goals and desire.

Vice Chairman KERREY. For example, do you view the world, the security concerns of the United States right now in a significant transition?

General HUGHES. Yes.

Vice Chairman KERREY. And as a consequence of that transition, in some ways a greater risk simply because we don't have the capacity to forecast as we have had previously? It's much more difficult to forecast today than it was 10 years ago.

General HUGHES. At the risk of appearing somewhat frivolous here, I will quote from Casey Stengle, I believe, who said that, "forecasting is risky business, especially about the future." It's always been difficult and it is difficult perhaps in a different way now than it was in the past. You no longer have the monolithic opponent of the former Soviet Union, but instead have disparate elements and groups around the world that you have to look at in more complex ways. so it is more difficult, but it's not—

Vice Chairman KERREY. But some basic facts are changing the testimony—

General HUGHES. Some of them are; some of them are.

Vice Chairman KERREY. Well, let me put a fact that's in—

General HUGHES. Yes, sir.

Vice Chairman KERREY [continuing]. And tell me if it is a fact or not, if you perceive it to be a fact.

It is a fact that as a percent of the world's GDP, defense allocations are dropping—

General HUGHES. I do not agree with that statement, sir.

Vice Chairman KERREY. You do not agree?

General HUGHES. I do not. I repudiated it yesterday. That is in fact one of the key reasons I withdrew that testimony. That statement, as far as I am concerned, is wrong.

Vice Chairman KERREY. So how would you describe it? As a percent of GDP the amount being spent on military is the same?

General HUGHES. No. I don't dispute necessarily—in fact, I don't know for sure whether or not the percent of gross domestic product spent on militaries around the world has indeed declined in every case, or in key cases. In fact, I have reason to believe that in some cases it may have declined not because of national policy, but because of ability.

But the point is that we still have nuclear threats extant in the world, which potentially can be used against us or against our national interest. We still have armies regionally, if not globally, which are threatening to our interests. We still have conflicts, ongoing and potential conflicts in the offing, which have little to do with the expenditure of gross domestic product at this time or in the near term. They are going to continue.

Vice Chairman KERREY. The testimony—the statement does not suggest that military is not important. What it is suggesting is that



as we try to assess the risk, we can't look to the dependability of tyrants as the arbiter of what that threat is going to be.

General HUGHES. Certainly correct.

Vice Chairman KERREY. And that what is occurring is that, as a consequence, is that power is—perhaps not as a consequence, it is certainly occurring simultaneously with it—the power is shifting away from the government, from the person that is in charge of the government. If we have a dictator in Russia, that dictator has got power and that dictator controls the military and that dictator controls a great deal of what is going on. Today you don't have a dictator in Russia. You in fact have a president whose popularity is in decline as a consequence of a military action in Chechnya, which was largely unsuccessful. So that is a big change for us. It's not a small change, it's a very big change.

I don't know exactly what it means, but it seems to me that as we look to Russia right now, our No. 1 question is, you know, what's going to happen after the election in June. It's a political question, a question that gets to their history, it gets to their culture, it gets to questions that are much more difficult to answer than were previous—than we were previously trying to answer. And they are answered in different ways. It doesn't mean that you are still not using technology resources and intelligence resources to answer a set of questions that remain inside of Russia, but it does mean that we are shifting, that we are in transition, and I think a factual analysis is very relevant in that regard.

So if this is factually incorrect, I hope in revised testimony you'll give us some sort of sense in how much of the world's GDP is being deployed to military, what are the consequences of having fewer numbers of dictators, if we have fewer numbers of dictators. I presume we do. We say it often enough. Certainly in the most relevant country to the cold war, the Soviet Union, that is the case. But as we try to assess the threats, the more factual that we can get, it seems to me the more likely it is that we are going to both authorize and appropriate not only the resources that we need today, but the resources that are likely that we need out there in the future.

General HUGHES. Sir, my goal is to provide you factual information now and in the future, and that is what I intend to do.

Vice Chairman KERREY. Well, I was going to have some fun with your testimony here, General Hughes. I am not going to be able to—I look forward, I guess, to getting the additional testimony. But I would appreciate in particular, you've heard some of the comments that I was making earlier to Dr. Deutch, you know, about what we should consider to be a threat to us, what sort of signals out there are we looking for.

I mean, I, too, as Dr. Deutch did, would enumerate more things than economic disparity when you are looking for a causative agent to terrorism. But if this chaotic scene that we witness with population growth and inability to govern themselves that we witness constantly—I mean, we witness that on a relatively regular basis—if that is of concern to us and it seems to me—and if it is a concern that has with it a threat to some vital U.S. interest potentially out there in the future, it seems to me that we ought to at least table it for our discussion, we at least ought to table it and say, we may come up with an answer that is inconclusive. We can come up with

an answer that may say the United States can't have any impact at all. But to ignore it when somebody that prepared this testimony at least was of the opinion that out there in the future that could become a concern. To ignore it, it seems to me, would be foolish. I mean, we would hope that history forgets that we ignored it.

General HUGHES. Let me assure you that we are not ignoring it, and the characterization that you've heard about the dynamic of deteriorating conditions inside nation-states or regionally, which did sometimes degenerate into combat, is one that I agree with.

Vice Chairman KERREY. Do you agree with the statement that is made in here that says that Iran is neither interested in nor capable of directly challenging United States militarily?

General HUGHES. If you are talking about a direct challenge against the United States, I probably agree, with the exception of their involvement in international terrorism, where I do believe they are directly challenging and have directly challenged U.S. interests.

If you are talking about U.S. vital national interests in the Arabian Gulf and in the Persian Gulf, depending upon which side of that body of water we happen to be on, then I do believe that they are capable of and perhaps have an intent to—if conditions are right—challenge our vital interests. We have to be aware of that, be certainly interested in it, and have the ability to react appropriately or to act in advance to deter them from taking precipitous action that might lead to conflict.

Vice Chairman KERREY. Ms. Gati, Secretary Gati, do you think that our foreign aid package reflects the threats that were identified earlier by Secretary Deutch? He identified Southwest Asia as being top of his list, Middle East being second. I mean, do you think that we are, on the foreign aid side, meeting the threat in a complimentary fashion?

Ms. GATI. I think in some areas we clearly have used assistance, in the Middle East, for example, to husband the peace process along, and we've been very successful in that regard. In other areas we don't have the tools to use as much, in Asia, for example, where many of the economies no longer need foreign aid. China would need, of course, assistance as a developing country, through international institutions. But I think the area where I would have to give you a negative answer, is Africa, where our assistance is clearly not up to the task of forestalling the problems there. We spent several billion dollars on humanitarian crises in Africa, on sending in American troops and troops of other countries. Nowhere was the amount spent on preventive diplomacy or on assistance which might have forestalled those military actions. Most people looking back on it would say the opportunity was lost to avert some of those crises at a much less cost.

Vice Chairman KERREY. Mr. Chairman.

Chairman SPECTER. Thank you, Senator Kerrey.

General Hughes, I had to step outside for a moment or two. I chose to, to talk to Director Deutch, and I did not hear the testimony about this paragraph on redefinition of power. I understand you have—I hear the term “repudiate,” is that the term you used?

General HUGHES. That's correct, sir. The statement, the entire statement was prepared for my predecessor. During the last few

days of transition, I was able to read the statement, and yesterday decided that it did not reflect my views. I asked the committee for the opportunity to resubmit prepared testimony in the next few days.

Chairman SPECTER. Does your predecessor agree with this statement?

General HUGHES. I don't know, sir. I never had a chance to talk to him about it.

Chairman SPECTER. Well, I have studied in more detail this paragraph since I heard you repudiated it, and I like it. It reminds me of a statement that Professor Strauss Hupe might have articulated. I took political science at the University of Pennsylvania and Dr. Strauss Hupe was the professor at that time—he has since had an illustrious career in the State Department—and this could, redefinition of power could occupy a political science class for days, perhaps weeks. And as I studied it, as I say, in detail since you repudiated it—I passed it off kind of casually before—I think it is worth reading.

Redefinition of power. "As we look beyond the turn of the century, we can expect to see a continued redefinition of what constitutes State power. As the percentage of the world's GDP directed to defense continues to drop, and as the world's present day tyrants pass from the scene, the military component of State power is going to get smaller still. Of course, military issues still matter, but perhaps somewhat less than they used to."

In January, Senator Shelby and I had occasion to talk to Prime Minister Perez, and one of the interesting things that Prime Minister Perez said—and he says many in the course of a short discussion—was that "a hundred hotels are more important than a hundred," and then his voice dropped, and I am not sure whether he said tanks or weapons or whatever. But your statement about redefinition of power reminds me of what Prime Minister Perez has said.

It may well be, as we move into the next century, that economic issues and regional economic activities and a warm peace, if we can get one, between Israel and Syria, may provide a great deal more security than those missile systems and the missile defenses.

So maybe you ought to consider your repudiation.

General HUGHES. I will reconsider and I will submit a written statement. But I will tell you, sir, that I have no idea if it is in fact true that the gross domestic product of many countries, particularly aggressor nations around the world, has indeed dropped. I also do not believe that to draw a parallel from the spending of resources on military activities by some countries means that the military component of national power is less important or less critical than it ever has been in the past. I am unwilling to draw that form of logic out of my thoughts.

Instead, I would point to the on-going conflicts around the world, to the potential for conflicts outlined by DCI Deutch, which I concur with, and there is no sign to me that the world has somehow become or will become safer merely because we have achieved some greater economic power throughout the world.

I do agree that good economic conditions are a precursor in many cases to peaceful conditions. I think it is critically important to

have good economic circumstances, but there are many other issues involved, and I don't wish to treat it in such a simplistic manner.

So if you would allow me, I would like to submit different testimony, and I will consider carefully my words on this topic.

Vice Chairman KERREY. I'll tell you, Mr. Chairman, I think one of the ways that we might conduct these hearings in the future is have all witnesses present the testimony of somebody else, because it's a—

General HUGHES. It might be an interesting idea.

Vice Chairman KERREY. Well, I mean, because in truth, in this I think is rather thoughtful analysis—I don't know if it is accurate, either, I mean, that's the purpose of these testimonies is to provoke us to think about what the threats are and how we—we all know we need to reorganize in some fashion. I mean, that's not the question. The question is how? The question is not is there a threat, the question is what is the threat and how do we meet it? And this individual who goes on to say, whoever it is—probably the person who wrote *Primary Colors* I'd guess—wrote, says that there is an asymmetric response, there is a problem out there, a new threat from potential enemies that have the option to challenge us militarily, using an asymmetric option as a choice. In other words, using something that might inflict politically unacceptable casualties. I mean, it is a different kind of threat, and so you are quite right, I mean, there was no—it doesn't necessarily mean because—I mean, let's presume that as a percent of world GDP, military expenditures are going down. That doesn't necessarily mean that the threat is going down in a similar fashion. It means that you have got a different kind of threat out there, a different kind of ball game than we have had in the past.

I just—I suspect, knowing General Hughes, your own views of the world and your own willingness to tell it like it is, that your own testimony is going to be similarly provocative. But provocative in a good way. I don't mean provocative in a devil's advocate way, but I mean provoke us to rethink some of the old shibboleths that we've held on to for years and years and years, and to rethink them in a fashion that will make not only the United States safer, but hopefully the world safer, too.

General HUGHES. I hope so, sir.

Chairman SPECTER. Senator Kerrey is always well prepared, and he always reads the statements in advance, but I haven't seen him come with one so heavily underlined as he has on this one. This is marked up like a fourth hand copy of law school text book. He could barely wait to get Director Deutch off the stand so he could start to ask you questions about it. In fact, he was so anxious, he even questioned Dr. Deutch about your statement. I have never seen that done before in quite that way, and I have seen quite a few witnesses questioned about statements. But that was very provocative.

If the author of this statement is in need of employment, send him around to me—I think he's got some good ideas.

Vice Chairman KERREY. To follow up on that, Mr. Chairman, I do think one of the challenges we have got is to, you know, is to take a clean slate look.



Chairman SPECTER. Staff is very unhappy over here. They wonder who is going to be replaced.

Vice Chairman KERREY. We know that the current organization is inadequate. We have got a task force out there headed by Harold Brown, he's going to make some recommendations to us. We know we have to change the organization. Director Deutch knows, you know, all of us that have looked at it understand that change needs to occur, and the change needs to occur not just because we can improve our organization, but because the world is no longer static as it once was. There's a lot of things going on out there that are apt to appear 10 years from now to be very predictable that we probably aren't thinking about today. And I hope that, as I said, I fully expect, given your willingness to tell it like it is, that when you modify this statement and make it in your own words, words that you can defend, that you will be similarly provocative.

General HUGHES. I will.

Let me just say, so there is no misunderstanding here, that the author of that paper is Mr. Russ Travers, an outstanding Defense Intelligence Agency analyst, who is sitting behind me here, and we want to keep—

Chairman SPECTER. Author, author.

General HUGHES. Russ.

He is the very timid second gentleman sitting here.

Chairman SPECTER. I'd like to know if the author prefers to have been identified or would have preferred not to have been identified? Too late now to find that out.

I had the lights turned off because I didn't want Senator Kerrey to feel too bad about using so much of my time.

Secretary Gati, I have a couple of questions for you, and then we'll adjourn. We've run very long, but I think it's been a very, very productive hearing.

With respect to the question of sanctions against China on the missile issue, and you're an Assistant Secretary of State and this may not be your precise bailiwick, but why not really get tough with China and really impose the maximum sanctions available to show that we mean business on nuclear proliferation, especially at a time when China is so bellicose toward Taiwan. There's not a whole lot we can do about imposing sanctions—perhaps I shouldn't presume that. Can we impose sanctions on China for what they are doing? It's Taiwan, I guess we could. But focusing on the missile issue, why not really be tough on the imposition of sanctions there?

Ms. GATI. I think as a policy judgment, that would have to be made by a different Assistant Secretary and by the Secretary himself. From our point of view—

Chairman SPECTER. How about the President?

Ms. GATI. And the President, of course, with the Department's recommendation.

From our point of view, we have been providing information about Chinese violations, trying to come up with an indication of patterns of behavior, and we have presented that information. I think you would want to consider Chinese behavior on missile transfers and nuclear proliferation as one of the most serious issues we discuss with the Chinese and if sanctions were required, we would call it straight and give the recommendation that the in-

telligence was absolutely clear on that point. We had not made that determination in the department and the Secretary is now looking at that issue.

Chairman SPECTER. Well, I hope that the administration will act promptly on it because it has been very much a matter of enormous public concern. And I understand what happens. You have a media report and then you have a denial which the White House press officer did last week. No, those facts are not confirmed; no, we haven't made a decision as to what we're doing. But the more time that passes, the more it—the more problem.

This issue or nuclear proliferation is second to none on the problems which this country and this world faces. We've been working, a number of us on the committee have, on trying to centralize authority on nuclear nonproliferation in an administrative check. The chart on the executive branch handling of nuclear proliferation is more complicated than the chart on the Clinton health care program, if that's really possible.

But if we don't get tough on this one, I think it's an open door to the world for people who would flout the proliferation regimes.

Last question, Secretary Gati.

On Iran, and this is a subject that I have discussed with the Secretary and the No. 2 man, and I understand the State Department view about isolating Iran, and I have always had questions about the advisability of that. You folks are the experts. But can it possibly work if our allies don't join us in the boycotts in isolating in Iran. And from the intelligence point of view, that is your bailiwick specifically, are our allies cooperating with us on isolating Iran?

Ms. GATI. Our allies have a different view on policy toward Iran. That does not mean they don't cooperate on certain issues—on provision of credits and provision of certain materials to Iran. So it's not a black and white question of cooperating—

Chairman SPECTER. What is the color? Deep gray?

Ms. GATI. I think they—

Chairman SPECTER. Deep Purple?

Ms. GATI [continuing]. They would prefer a different option. But I do believe that they are convinced and I think actions in Bosnia, for example, convinced them more, that Iran poses a danger through terrorism, through its support for extremism and, its opposition to the Middle East peace process. Our actions do provide a model in certain areas. Credits would be one of them. Support for development of the oil industry would be another. But we do have a policy difference with our allies on Iran. Our determination in the Intelligence Community would be to assess what danger Iran poses to the international system, and we have shared that as much as we can with our allies.

Chairman SPECTER. Can our policy possibly succeed if our allies do not cooperate?

Ms. GATI. I think parts of our policy can succeed.

Chairman SPECTER. How? How can it succeed in isolating Iran if our allies do not join in the isolation?

Ms. GATI. I think the job of intelligence is to provide information which is so persuasive that over time the logic behind a policy of isolating Iran would become more and more self-evident. But it is

a question whether you can isolate any country unless everybody cooperates.

Chairman SPECTER. That's the question I started with, can you isolate any country, including Iran, unless everybody cooperates. I think the answer, regrettably, is no. And if you cannot isolate Iran, shouldn't we rethink our policy.

Ms. GATI. Well, we have slowed down the acquisition of materials that would help Iran's industrial base or its weapons base. The economic situation in Iran is certainly worse than it would be if we had not had our own policy. So I think we have had some successes which the Intelligence Community can measure. Would the policy be more successful if it was joined by everyone? The answer is undoubtedly yes.

Chairman SPECTER. Well, of course that is the case. They are not as well off economically as they would have been had we traded with them. Would our policy be more successful if other countries joined us? Sure. But does the policy have a realistic chance of succeeding or should we reevaluate the policy in the light of the high improbability of success without more cooperation from our allies.

That's a very important question. It might be on the docket in Arizona tonight on the Presidential debate.

Thank you all very much. That concludes the hearing.

[Thereupon, at 12:10 p.m., the hearing was concluded.]

[Additional material submitted for the record follows:]

Central Intelligence Agency



Washington, D.C. 20505

10 May 1996

The Honorable Arlen Specter  
Chairman  
Select Committee on Intelligence  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed are the unclassified responses to those questions for the record from the 22 February 1996 hearing on the current and projected national security threats to the United States. For six of the questions it was not possible to provide an unclassified answer, therefore the classified responses to these questions are being forwarded to you under a separate cover. (U)

If there are any questions, please have your staff contact Herb Briick of my staff at (703) 482-7047. (U)

Sincerely,

A handwritten signature in cursive script, reading "John H. Moseman".

John H. Moseman  
Director of Congressional Affairs

Enclosure



Economic Reform in Russia

**QUESTION 1:** What are the prospects that Russia's economic reform could be rolled back? Do you consider Russia's transition to a market-driven economy to be irreversible?

**ANSWER:** The answer to this question depends largely on how the term "irreversible" is defined. If it is taken to mean that Russia will not return to a Soviet-style command economy, the answer is that the core elements of the reform process probably are irreversible. Except for a few fringe groups, even the Communist and nationalist opponents of Yel'tsin's reforms do not advocate a return to the "bad old days."

If the term "irreversible" is defined much more loosely--that reforms implemented so far cannot be rolled back--the answer is that significant reverses are possible. One danger, for example, is that campaign promises to increase government spending could lead to a substantial increase in the budget deficit. This would reignite inflation just when it has been brought down low enough to foster economic recovery. The reintroduction of price controls in a misguided attempt to suppress inflation would not work for long but instead would make matters worse by bringing back shortages, queues, and black markets.

Another possible rollback of reforms is that some property that the state has transferred to private hands could be renationalized. The degree of damage would depend on the extent of renationalization. A few reversals of property transfers in scandal-tainted cases probably would not be harmful and might even help restore public confidence in the privatization program. Widespread renationalization of private firms, however, would send a discouraging message to investors about the government's commitment to secure property rights.

## Technology Transfer From the Former Soviet Union

**QUESTION 2:** What general trends has the Intelligence Community noticed in the transfer of scientists, technology, and conventional and unconventional military items to other nations?

**ANSWER:** Many countries of the former Soviet Union--particularly Russia, Ukraine, Kazakstan, and Belarus--have facilities storing or producing conventional and unconventional military items. Although there is little evidence that they are directly supporting weapons of mass destruction (WMD) programs in countries that are seeking such weapons, FSU governments are promoting exports that could contribute to WMD programs. In addition, most FSU countries face dismal economic conditions that are pressuring their governments to authorize sensitive exports.

- The Russian Government is exporting civilian nuclear technology, which may benefit weapons programs in countries of concern. For example, sophisticated nuclear technology sold to Iran to enable it to operate power reactors under construction at Bushehr could be of value to an indigenous nuclear weapons program.
- Russian firms are marketing dual-use hardware and technology--including items covered by the guidelines of the Missile Technology Control Regime--at international aerospace exhibitions.
- Russian officials are predicting \$7 billion in conventional weapons sales this year, up from about \$3 billion last year, although we anticipate sales of less than \$4 billion. Russia probably has not concluded new arms deals with Iran since its pledge to the US last year to refrain from such deals, but it continues to fulfill existing contracts and lists Iran as a key weapons trading partner. Belarus and Ukraine also are promoting weapons sales, although their contacts with countries of concern to the United States remain limited.

There is no direct evidence that FSU scientists and engineers have provided direct assistance to nuclear weapons programs in countries seeking nuclear weapons, but at least some of the FSU scientists and engineers--at home and abroad--probably are contributing to such weapons programs. Buffeted by upheaval in the FSU defense industrial complex, they are vulnerable to pariah countries' recruitment efforts, and their ability to pass sensitive information has been facilitated by the FSU's integration into the world community and by scientists' access to international computer networks.

## Technology Transfer From the Former Soviet Union

**QUESTION 2:** What trends has the Intelligence Community detected that Soviet nuclear materials, BW, CW, or ballistic missile-related materials or technology have found their way to the international black market?

**ANSWER:** FSU countries are making uneven progress in developing export control systems intended to prevent the transfer of sensitive items to the black market.

- Moscow has made progress in educating exporters on control regulations, and it has expanded its customs service to over 50,000 officers.
- Russia and Ukraine have imposed greater control over contacts between their scientists and foreign counterparts. Alarmed by the dramatic expansion of their countries' international cooperative efforts, security services are reverting to traditional monitoring of scientists' travel and their domestic interactions with foreign visitors. Moscow has adopted new regulations designed to improve the management and control of state secrets, including guidelines on the sharing of sensitive information with foreign entities..

In addition, US bilateral efforts with Russia, Belarus, Kazakstan, and Ukraine to improve nuclear material protection, control, and accounting (MPC&A) procedures are addressing the vulnerability of weapons-usable fissile material to theft and diversion.

- The US and Russia have signed agreements for MPC&A improvements at about 25 Russian sites, and are collaborating on MPC&A efforts at several Ukrainian facilities.
- Security for Russian nuclear warheads and components, however, probably is better than the security measures for fissile materials.

Efforts to prevent illicit exports continue to face serious shortcomings:

- In many FSU countries, allocations for law enforcement training, equipment, and pay have not kept pace with the rapid growth of law enforcement requirements, resulting in forces that are largely inexperienced and corrupt.

Technology Transfer From the Former Soviet Union

- Renewed efforts to control contacts with foreign entities appear directed as much against contacts with Western countries as against countries of proliferation concern. Much of the new concern about foreign contacts stems from traditional paranoia that Western cooperative efforts with the FSU are designed to steal Russia's defense and commercial secrets.
- Significant amounts of weapons-usable material is stored at research institutes, fuel fabrication lines, and naval fuel storage areas with deficient MPC&A measures and a higher vulnerability to theft and diversion.
- Weak enforcement of Russian export controls, for example, probably is responsible for the highly publicized attempted transfer of long-range missile guidance equipment to Iraq last year.

Various FSU organizations established since the dissolution of the Soviet Union that have established ties to academia, research institutes, production plants, and possibly organized crime, reportedly are offering a wide variety of chemical or biological products for sale abroad--including some with potential CW or BW applications.



Technology Transfer From the Former Soviet Union

**QUESTION 2:** What are the implications of these trends for US national security?

**ANSWER:** Countries of proliferation concern--including China and Iran--could exploit the weapons expertise and technology of the former Soviet Union to boost their own weapons programs or to improve the weapons-related technologies they are developing for export.

- Many FSU leaders, especially those in Russia, Ukraine, Belarus, and Kazakhstan, view weapons-related exports as significant sources of revenue. Unless persuaded that tighter controls will give them better access to Western markets and sensitive technologies, they are unlikely to curtail military-related cooperation with countries of concern. Russian President Yel'tsin, in particular, is under pressure to counter charges that he is not defending Russian interests.
- Even when leaders are persuaded that their national interests benefit from nonproliferation policies, they will depend on Western resources and training to adopt and implement effective controls against the spread of sensitive equipment and technologies.

Russian General Purpose Forces:  
Status and Directions Through 2005

**QUESTION 3:** What is the current status of Russian conventional forces? How capable and threatening are they? What issues/factors affect Russian capabilities today? How? What factors are most likely to shape Russian force developments over the next 10 years? What will be the size and characteristics of Russian forces in 2005? How capable and threatening will they be?

**ANSWER:** Russian conventional forces are substantially smaller and less capable than their Soviet predecessors. Nonetheless, they remain among the largest and best equipped in the world.

- Russia's military is capable of defending the Federation from its neighbors, threatening other former members of the Soviet Union, and maintaining general internal order.
- It lacks the capability to conduct a Soviet-style offensive against NATO in central Europe.

**ANSWER:** Russia's military capabilities are limited by several factors including:

- Indecision on strategy, force development, and reform.
- A severe lack of resources.
- A variety of internal military problems, such as conscription shortfalls, officer/enlisted imbalances, low morale, corruption, inadequate training, and low readiness.

**ANSWER:** Three inter-related factors will affect future Russian capabilities, political stability and orientation, economic and budgetary prospects, and threat perceptions.

- Russia's stability and governmental orientation are critical factors driving force development and foreign policy. A more nationalistic regime would increase military spending and pursue a less cooperative foreign policy than a reformist government.
- Nonetheless, any Russian government will have to cope with the same economic problems. Hardliners will not be able to restore Russia's military power to Soviet-era levels. Boosting defense spending and seeking to preserve the vast existing defense-industrial base in the near term might even worsen long-term prospects for

**Russian General Purpose Forces:  
Status and Directions Through 2005**

- improving military capabilities, as economic growth would remain anemic and the military would remain unreformed. In contrast, a very reformist government would be likely to cut military spending, reduce the defense-industrial base, and pursue military reform. This might lay the basis for a more capable, albeit much smaller, force well into the next century.
- Moscow does not perceive any major threats at this time, which reduces its willingness to commit scarce resources and convince the population of the need to sacrifice. A serious threat to the viability of the Federation or a rapid NATO enlargement that entailed forward basing of combat troops and nuclear weapons would prompt Moscow to boost military spending and adopt a much more belligerent foreign policy.

**ANSWER:** Assuming that modest progress on political and economic reform continues, Russian military capabilities are likely to improve over the next decade. Many manning, morale, readiness, and training problems should be less severe, while force levels will be cut as a part of the military reform effort. There will be some modernization, especially in command, control, communications, computers, and intelligence, munitions, and electronics, but the pace will be far slower than in Soviet days.

- Moscow will retain the latent potential to generate a very large and capable force in a national emergency, but its ability to threaten central Europe will only improve modestly. Even with a stronger force, Russia would still have to convince a skeptical public of the need to devote greater resources to the military and contend with the consequences of its borders having moved 600 km to the east.

Russian Conventional Military ForcesEstimate of Current Russian  
Military ForcesGeneral Trend to Year  
2005, Assuming Modest  
Political, Economic, and  
Military Reforms1,700,000 authorized active  
duty personnel

1,500,000 or fewer

75+ division equivalents

Fewer and more separate  
brigades

19,000 tanks

Fewer, limited  
modernization, upgrades

34,000 AIFV/APCs

Fewer, limited  
modernization, upgrades

23,000 artillery/MRLs

Fewer, limited  
modernization, upgrades

3,000 helicopters

Fewer, limited  
modernization

3,100 crew-served SAMs

Fewer, modernized

2,300 combat aircraft

Fewer, modernized,  
upgrades

150 major surface combatants

Fewer, limited  
modernization140+ submarines (all types  
except SSBNs)

Fewer, modernized



### Assistance to the Chinese

**QUESTION 4:** To what extent, if any, are former Soviet Union nationals assisting the Chinese in the following areas (and please state whether any such assistance is government-to-government rather than the actions of individuals):

a) ballistic missile program, particularly with regard to reentry vehicles;

**ANSWER:** We do not have specific examples at the unclassified level of nationals of the former Soviet Union assisting the Chinese in ballistic missile program. However, Russia appears to be moving toward closer relations with China. President Yel'tsin has announced that he will visit China this April, and Moscow appears to have expanded its sale of weapons and military technologies to Beijing.

b) nuclear weapons program; and

**ANSWER:** According to German and Japanese press reporting in 1992, the Chinese had targeted for recruiting Soviet nuclear experts and had established offices in Russia and Ukraine. The Japanese reporting indicated that some scientists and engineers had been recruited and had assisted in upgrading Chinese facilities. These articles likely are referring to nuclear reactor and nuclear materials experts, not nuclear weapons researchers.

There is press reporting from correspondents in Moscow and Hong Kong during late 1995 to early 1996 that mentions an agreement between the Russian Ministry of Atomic Energy (Minatom) and the China National Nuclear Corporation for establishing high-tech facilities in Shenzhen. The facilities mentioned are controlled thermonuclear fusion and radioisotopes for medical and agricultural applications. The Moscow-based reporting notes that the Russians are constructing a centrifuge for enriching uranium in China. It is unlikely that nuclear weapons researchers are involved in these programs.

According to Chinese press reporting, a Sino-Russian symposium on nuclear research for peaceful purposes was held in Chengdu during April 1993 and a Sino-Russian symposium on peaceful nuclear explosions was held at a China Academy of Engineering Physics Institute in Beijing during late 1995. The first symposium probably involved nuclear weapon researchers but primarily dealt with civilian nuclear applications. The latter conference undoubtedly involved mainly nuclear weapon researchers from both countries and dealt with such "civilian" applications of nuclear explosives as changing the course of rivers and creating electrical power.

### Assistance to the Chinese

According to Russian press in April 1996, the deputy minister of Minatom stated that individuals whose work is in defense-related nuclear technologies cannot travel abroad unless given permission by Minatom. Therefore, it can be assumed that any Russian assistance given to the Chinese nuclear weapons program has been approved at the ministerial level.

**c) advanced conventional weapons programs, particularly advanced cruise missiles.**

**ANSWER:** Some press reports indicate that Russian experts have provided technology and are assisting China in developing what is probably a land-attack cruise missile and possibly some antiship cruise missiles. China does not field a land-attack cruise missile, and we expect, given the level of cooperation on other fronts, that China probably would turn to Russia for such assistance, especially since Russia has fielded many land-attack and antiship cruise missiles. It is unclear from these reports however, whether the assistance is sanctioned by the Russian government.

China has purchased four Kilo-class submarines from Russia and two enhanced 636-type submarines, which are equipped with more automatic controls and advanced quieting technologies. The Chinese acquisition of Kilo submarines is part of an interstate agreement of military-technical cooperation between Russia and China.

Russia probably has been providing significant technical cooperation to Beijing for its developmental F-10 fighter, an F-16 class aircraft that would initially incorporate Russian engines. In addition, Russia has offered China radars for the F-8-II and FC-1 aircraft programs. It is unclear at this time if co-production agreements will be made if the radars are chosen. Russia may also provide support to the Chinese for JL-10 radar development, intended for the F-10 fighter.

China and Taiwan

**QUESTION 5:** Over the past year, the Beijing regime has become increasingly intolerant of what it perceives as Taiwanese efforts to move toward independence.

a) How does the leadership in Beijing interpret actions in the US, particularly the granting of a visa to Taiwanese President LI Teng-hui last year?

**ANSWER:** Very badly and with considerable vitriol.

Chinese officials cite a long list of US actions that, they claim, have aided and abetted the promotion of Taiwan's independence. The most significant of these are the 1992 sale of F-16 aircraft to Taipei and the granting in May of last year of a visa to LI Teng-hui, which precipitated the recent tensions in the Taiwan Strait.

- Consequently, Beijing views the visa episode as a direct blow to Chinese claims to sovereignty over Taiwan and as violating the basis of US-China relations--the "three communiqués" and the "one China/Taiwan a part of China" understanding.

Although these officials view US motives with suspicion, they generally acknowledge the centrality of the United States as a Chinese foreign policy priority. The visa episode resulted in a crisis in relations and confirmed the worst suspicions of some Chinese leaders.

- From time to time, the top leaders have argued that Washington seeks to "contain" China and constrain the growth of Chinese power, asserting that the US manipulates the Taiwan issue to that end.

More recently, and especially following the October 1995 meeting between President Clinton and Chinese President Jiang Zemin, Beijing has accepted that the US pursues a policy of "engagement," but one that has some elements of "containment."

China and Taiwan

5b) As the PRC continues to use intimidation, sympathy in the US for Taiwan's position gains strength. Do the leaders in Beijing understand that, by taking a belligerent stand toward Taiwan, they are strengthening Taiwan's position in Washington? Do the Taiwanese understand the limits of US support?

ANSWER: Although many Chinese officials and scholars have a nuanced understanding of US politics and the Washington political culture, senior Chinese leaders are prone to misinterpret or misunderstand the US political system.

- They seem particularly likely to misunderstand the power of the Congress to influence foreign policy.

Chinese leaders probably recognize that, to most Western politicians, China--as a single-party authoritarian state--is less attractive than Taiwan, which has recently determined its leadership through universal suffrage.

- Beijing consistently maintains, however, that mutual interests should prevail in Sino-US ties and that over the longer term China will be vastly more important to US interests than will Taiwan.

That said, following US responses to the recent Chinese exercises in and around the Taiwan Strait, leaders in Beijing may believe they have misjudged the United States and the US interest in peace and stability in East Asia.

As for Taiwan, its leaders may indeed understand the limits of US support, but this does not necessarily preclude them from testing or seeking to expand those limits. Even after repeated rebuffs, LI Teng-hui persisted in efforts to acquire a visa and to cultivate pro-Taiwan US constituencies

- Perhaps more important, the limits of US support may not have been defined with sufficient clarity until the recent exercises, if then.
- As President LI charts his course in the months ahead, he may again test the limits of US support and, thereby, the limits of Chinese patience.



Chinese Proliferation

**QUESTION 6:** a) Could you elaborate on the nature and extent of China's ballistic missile and weapons of mass destruction related assistance to Iran and Pakistan? Do you believe that this assistance could raise compliance concerns with China's commitment to the NPT and the MTCR? How likely is it that China will adhere to the Chemical Weapons Convention (CWC)?

**ANSWER:** The Department of State is in a better position to assess China's commitment to the CWC.

b) What is the likelihood that sanctions against China--or Pakistan--will modify their behavior?

**ANSWER:** Over the past four years China has continued to engage in cooperative technology relationships that contribute to weapons of mass destruction programs in Pakistan and Iran. China signed the Chemical Weapons Convention (CWC) in January 1993. Beijing's commitment to the CWC, as well as the Nuclear Non-Proliferation Treaty (NPT) and the Missile Technology Control Regime (MTCR), have led to a moderate decline in its sensitive technology exports to other countries. In many cases, however, China is now selling dual-use technology, hardware, and expertise, which are not always explicitly controlled under these multilateral control regimes.

Strategic and financial interests are critical to Beijing's calculus.

- We judge that the role technology transfer plays in building Chinese influence in the Middle East and in maintaining its strategic relationship with Pakistan has led the Chinese to show less restraint in their dealings with Tehran and Islamabad.
- The succession jockeying taking place in Beijing is also motivating Chinese leaders to tout their nationalist credentials and avoid what they regard as infringements on Chinese sovereignty, including efforts to contain China's proliferation behavior.
- In addition, the revenue from sales of technology and expertise helps China purchase foreign technologies to aid its own military modernization.

Chinese Economic Issues

**QUESTION 7:** The Administration has been considering the imposition of trade sanctions against China for pirating American movies, musical recordings and software. Has the Intelligence Community contributed to our understanding of Chinese violations of intellectual property rights? Should intelligence collect this kind of information?

**ANSWER:** At the request of US policymakers, the Intelligence Community closely monitors China's compliance with its international and bilateral economic agreements, including China's accords covering intellectual property rights.

### Monitoring the North Korean Framework Agreement

**QUESTION 8:** In 1994, North Korea signed the nuclear framework agreement and promised to forgo further development of nuclear weapons in return for assistance from the US and others.

a) Has North Korea been living up to its commitments under the framework agreement? Do we expect continued compliance? Does the economic situation in North Korea make compliance more or less likely?

b) How high is your confidence that the US Intelligence Community can adequately monitor North Korea's compliance with the US-North Korean Agreed Framework? How significant are US intelligence collections shortfalls targeted against North Korea?

**ANSWER:** North Korea continues to work with International Atomic Energy Agency (IAEA) and Korean Peninsula Energy Development Organization (KEDO) officials as well as US officials and technical experts to implement key elements of the US-North Korean Agreed Framework. P'yongyang is adhering to the "freeze" on its nuclear facilities; the North agreed to not refuel its five MWe reactor, cease construction on two larger reactors, and halt operations at its reprocessing plant and fuel fabrication facility. IAEA inspectors are monitoring the five MWe reactor, reprocessing plant, and related facilities covered by the freeze. US technicians are in the process of installing monitoring equipment at power plants in Sonbong, Chongjin, and P'yongyang to monitor the disposition of heavy fuel oil supplied under the terms of the Agreed Framework.

Worsening economic conditions in North Korea make compliance more likely to the extent that the leadership concludes foreign relationships are essential to the regime's survival and that the payoff from those relationships meets expectations.

The IAEA is indispensable in monitoring North Korean compliance with the Agreed Framework. IAEA inspectors played a crucial role by recording early North Korean moves to implement the Agreed Framework. We have a high level of confidence in our ability to detect prohibited activities at Yongbyon given a combination of IAEA inspections maintained at present levels, phased-in full-scope safeguards, and collection by National Technical Means.

North Korea's Nuclear Weapon Program

**QUESTION 9:** What is the Intelligence Community's assessment of the number and yield of nuclear weapons that North Korea may currently possess?

**ANSWER:** In 1989, North Korea unloaded an unknown amount of spent fuel from its five megawatt reactor for reprocessing to obtain plutonium. Most US intelligence agencies assess that the amount recovered was more than that declared to the IAEA and that it most likely was enough for one or, possibly, two nuclear weapons.

At the time the Agreed Framework was concluded in October 1994, North Korea had spent fuel from the five megawatt reactor stored in water. This fuel contains enough plutonium for an additional three to five weapons. Under the Agreed Framework, this fuel is currently undergoing preparations for hermetic sealing prior to its eventual removal from North Korea.



India and Pakistan Nuclear Programs

QUESTION 10: Press reports have indicated that India has made preparations to test a nuclear weapon. What is the likelihood that India will test a nuclear weapon this year? If it did so, what is the likelihood that Pakistan would respond with a nuclear test of its own? Would these nuclear tests lead to war between the two nations?

ANSWER: The response to this question is classified and is found in a separate enclosure.

Pakistan's Future

**QUESTION 11:** How likely is it that Pakistan will become increasingly violent and ungovernable over the next 5 years? What is the likelihood that Pakistan is likely to survive intact? What are the implications for US interests?

**ANSWER:** Pakistan is an Islamic state that is democratic, moderate, and desirous of close relations with the United States. In recent years, Pakistan has experienced increased levels of ethnic, sectarian, and terrorist violence--particularly in the troubled city of Karachi. We judge, however, that Pakistan's national survival is not in jeopardy.

### Iran's Nuclear Weapon Capability

**QUESTION 12:** What is the current status of Iran's nuclear weapon program? What kind of assistance is Russia providing to Iran's nuclear weapon program? What is the likelihood that Israel will conduct a military attack against Iran if Iran successfully develops a nuclear weapon? What is the status of Iran's BW and CW programs?

**ANSWER:** Nuclear. Iran continues to seek nuclear weapons, contrary to its obligations under the NPT.

We assess that Iran is attempting to develop a uranium enrichment capability, but we do not think Tehran will be able to produce enough material for a weapon until sometime in the next century, unless it receives significant foreign assistance.

Iran also continues to explore plutonium production, but we assess that Iran will not be able to produce sufficient plutonium to create a weapon until well into the next century, unless it receives significant foreign assistance.

- Russian/Iranian nuclear cooperation, although legal under the NPT if safeguards are applied, raises concerns about the development of Iran's nuclear infrastructure, which is currently fledgling. A developed infrastructure could facilitate Iran's development of nuclear weapons. The current cooperation includes construction of power reactors at Bushehr, training for Iranian personnel, and, potentially, other technology transfers.
- Iran continues to seek from China and other countries power and research reactors, and very likely other nuclear-fuel-cycle facilities that could support its nuclear-weapons program.

Israel, at least for now, does not appear likely to mount a military attack against Iran if Tehran develops a nuclear capability.

- Technical constraints and regional hostilities would complicate any Israeli military attack against Iran.
- Israel would have difficulty conducting an air operation against Iran. To reach Iran, it would have to fly over foreign territory that might include that of hostile countries, such as Syria and Iraq.

### Iran's Nuclear Weapon Capability

- Israel does have the capability to strike Iran by overflying Turkey, but such an operation would require extensive preparation and training.
- Israeli missiles probably do not have sufficient accuracy to be used in a precision attack against Iran.
- Israel would have to weigh the benefits of such an attack against the cost of a worldwide terrorist campaign that Iran might launch against Israeli and Jewish interests.

Biological. Iran has had a biological-warfare program since the early 1980s. Currently, the program is mostly in the research and development stages, but we believe Iran holds some stocks of BW agents and weapons. For BW dissemination, Iran could use many of the same delivery systems--such as artillery and aerial bombs--that it has in its CW inventory. We are concerned that in the future Iran may develop a biological warhead for its ballistic missiles, but we would not expect this to occur before the end of the century.

Tehran most likely has investigated both toxins and live organisms as BW agents. Iran has the technical infrastructure to support a significant BW program and needs little foreign assistance. It conducts top-notch legitimate biomedical research at various institutes, which we suspect provide support to the BW program. Because of the dual-use nature of biomedical technology, Iran's ability to produce a number of both human and veterinary vaccines also gives it the capability for large-scale BW agent production.

Chemical. Iran's CW program is already among the largest in the Third World, yet it has continued to expand and become more diversified, even since Tehran's signing of the CWC in January 1993. Iran's stockpile is comprised of several thousand tons of CW agents, including sulfur mustard, phosgene, and cyanide agents, and Tehran is capable of producing an additional 1,000 tons of these agents each year. In addition, Iran is developing a production capability for the more toxic nerve agents and is pushing to reduce its dependence on imported raw materials. Iran has various dissemination means for these agents, including artillery, mortars, rockets, aerial bombs, and, possibly, even Scud warheads.



The Future of the Iranian Regime

**QUESTION 13:** What is the likelihood that the current Iranian regime will still be in power three years from now?

**ANSWER:** We continue to assess that the current Iranian regime has a three-in-four chance of remaining in power three years from now. We cannot identify any immediate threat to the clerics' grip on power that they cannot manage. In addition, the regime enjoys the following advantages:

- The opposition is divided and there is no identifiable figure capable of channelling public discontent over economic conditions into a political challenge to the regime.
- The security forces remain loyal and have successfully contained domestic disorder during the past year.
- Iranian leaders, despite vigorous debate over policy, remain united in the defense of their collective power.

The government is facing long-term challenges from public dissatisfaction over Iran's deteriorating economy and from a growing intellectual debate that questions the propriety of clerical rule. We are skeptical that these problems will so undermine the regime that it falls within three years, however.

**QUESTION 13:** Are sanctions likely to influence Iran's behavior over the next three years? Why or Why not?

**ANSWER:** The US policy of containing Iran through economic pressure and other means has made it more difficult for Tehran to pursue a number of its objectionable policies, but it has not persuaded Tehran to abandon these policies, including support for terrorism, promotion of militant Islam, efforts to acquire weapons of mass destruction, interest in becoming the preeminent power in the Persian Gulf, or abuse of human rights.

- Multilateral support for sanctions and other forms of economic pressure against Iran would increase the economic costs to Tehran of its policies and reduce resources available to Tehran to pursue its goals, although such support does not exist.

The Future of the Iranian Regime

- Even in the case of broad multilateral support for sanctions against Iran, however, Tehran would not necessarily alter its policies or behavior, in our judgment. The record--as in the case of Iraq--shows that sanctions rarely are sufficient on their own to compel a target country to alter a policy it perceives as involving a vital interest.
- This is not to say that the isolation of Iran would have no effect on Iranian policy. Diplomatic and economic isolation--combined with military setbacks--forced Ayatollah Khomeini to reverse himself and agree to a cease-fire with Iraq in 1988. Broad international support for economic sanctions against Iran might provoke internal debate in Tehran over the direction of Iranian policy. For example, failure to attract the necessary foreign assistance for critical development projects may lead Tehran to offer more favorable terms to international firms or open up more sectors of the economy to foreign ownership.

### The Future of the PLO

**QUESTION 14:** Who would be the likely successor to Yasir Arafat if he were removed from power and how would this impact the success of the peace process? What is your assessment of the likely success of the peace process? Do you have information suggesting that the PLO is still involved in terrorist activities?

**ANSWER:** Yasir Arafat's removal from power would open up the top positions in both the PLO and the Palestinian Authority. Palestinian Legislative Council speaker Ahmad Qurei (Abu Ala) is the legally recognized successor to Arafat to head the Palestinian Authority for up to 60 days, during which time an election to replace Arafat is required. Qurei--who has built a constituency in the West Bank--would be a strong contender in an election. Peace process strategist Mahmud Abbas (Abu Mazin) probably would take over as PLO Chairman, although the succession rules are unclear. Qurei and Abbas probably would continue Arafat's peace process policies overall, but, lacking Arafat's authority, might be less willing to make concessions.

Substantial progress on the Israeli-Palestinian track has been made since the September 1993 Oslo Accords. The Palestinian Authority presently controls the Gaza Strip and seven West Bank cities, and the Palestinian people on 20 January 1996 elected a legislative council and chief executive. The future of the peace process depends on a number of factors, such as the outcome of the 29 May 1996 Israeli elections, the Authority's ability to crack down on Palestinian terrorists, and a resolution to crossborder violence between Lebanon and Israel.

We have no information that the PLO is now involved in terrorist activities. The PLO is an umbrella organization comprised of several groups with diverse ideologies. Arafat's Fatah faction dominates. It has renounced terrorism and recognized Israel's right to exist. Since the September 1993 Oslo Accord, individuals loosely affiliated with Fatah have committed violent acts against Israelis, particularly settlers. We have no evidence that Arafat personally sanctioned any of these attacks.

Saddam's Hold on Power

**QUESTION 15: What are the prospects for the survival of Saddam's regime for another year?**

**ANSWER:** Despite a number of challenges over the last year--including the defection and subsequent murder of Saddam's sons-in-law, continued economic deterioration, and unrest within a major Sunni tribe--Saddam's elaborate security services appear sufficiently loyal and effective in protecting him. A temporary upswing in the economy--spurred by the Iraq-UN talks over implementing Resolution 986--and several regime public relations initiatives have relieved some pressure on the regime. Nevertheless, the likely failure of the UN oil-for-food talks, continued turmoil in the ruling Tikriti clan, Saddam's repressive domestic policies, and Iraq's deteriorating regional position--particularly the souring of relations with Jordan--suggest Saddam's prospects for survival for another year are declining. Although there appear to be no immediate threats to Saddam's regime and he has honed his survival skills over nearly thirty years in power, change could come suddenly and violently as it has throughout Iraq's history as an independent state.

**QUESTION 15: What would be the characteristics and policies of likely successors to Saddam?**

**ANSWER:** The most likely successors to Saddam would be Arab Sunni military leaders who probably would share some of Saddam's policies and outlook, such as a militarily strong Iraq and distrust of Kuwait. However, we believe there are strong incentives for a successor regime to "clean the slate" and moderate Iraq's behavior so that it can rejoin the international community in good standing. By abiding by UN resolutions and ending the massive repression against the Iraqi people, a new regime could expect UN sanctions to be eased accordingly.

**QUESTION 15: What are the chances that a successor regime to Saddam will be worse?**

**ANSWER:** We regard it as unlikely that any successor regime could be worse than Saddam. The only plausible scenario that could be worse than the status quo is if Iraq were to be wracked by civil war and anarchy.



Saddam's Hold on Power

**QUESTION 15:** Given the current fighting between Kurdish factions in northern Iraq, what are the prospects for Kurdish reintegration into Iraq after Saddam?

**ANSWER:** We believe the prospects for Kurdish reintegration into Iraq after Saddam would be good if Saddam were succeeded by a relatively stable, strong government. Iraqi Kurdish infighting has been considerably reduced since a cease-fire was implemented in Summer 1995 and several US efforts to broker a lasting peace between rival parties. Iraqi Kurdish leaders have affirmed their desire to stay within a unified Iraq as long as the leaders in Baghdad are willing to recognize basic human rights, respect Kurdish cultural autonomy, and refrain from repressive tactics. Although some Iraqi Kurds still harbor hopes of establishing an independent state, pressure from neighboring states Iran, Turkey, and Syria--who vehemently oppose such a move--make the economic and political prospects for an isolated, land-locked Iraqi Kurdish entity bleak. Most Iraq Kurds would favor finding a peaceful formula for reintegration into a new regime.

Husayn and Saddam Kamil

**QUESTION 16:** How has the Husayn and Saddam Kamil incident affected Saddam's hold on power?

**ANSWER:** The Kamil incident does not appear to have immediately jeopardized Saddam's hold on power. The brutal killings at the hands of senior family members and Saddam's personal security forces appear to have cowed Kamil supporters, temporarily boosted Saddam's image of control, and stifled open expressions of opposition to Saddam. In the long run, however, the incident is likely to weaken Saddam. The killings did not end the turmoil within the ruling Tikriti clan, and probably exacerbated longstanding tensions within Saddam's family. Another, more threatening, family incident could occur with little or no warning

**QUESTION 16:** Is the Kamil episode a net plus or minus for Saddam?

**ANSWER:** In addition to its deleterious effect on the ruling clan, the Kamil episode has been a net loss politically for Saddam. The defections last August forced Baghdad to reveal a large amount of previously withheld information to the UN Special Commission, an event that undermined what little credibility Baghdad had with the UN and seriously set back prospects for an easing of UN sanctions. The defections and murders also exacerbated strains in Jordanian-Iraqi ties, which have seriously deteriorated over the last six months.

Castro's Hold on Power

**QUESTION 17:** Please assess the prospects for the Castro regime in Cuba. Are there any signs that his control is weakening? If so, what are they? What is the most likely scenario for leadership change in that country and what are the prospects for democratic rule resulting from that change?

**ANSWER:** Through a mix of austerity and reform, the Cuban Government has arrested the sharp economic decline brought on by the loss of Soviet and East European assistance. While conditions for many Cubans have improved slightly, they remain difficult. Havana's policies have produced complaints about income disparities and corruption. Individual Cubans are expected to do more for themselves, slightly loosening the government's hold on their lives. While retaining the final word, Castro, now nearly 70, has ceded some decision making authority to subordinates and debate over reform is common. Two major events in February --the crackdown on a small umbrella dissident group and the destruction of two planes piloted by Cuban Americans-- suggest that Castro's security and military organizations remain committed to dealing forcefully with any activity that Havana defines as a threat.

The closed nature of Cuban society makes it difficult if not impossible to accurately weigh succession scenarios. Castro could simply die in office. He has even hinted vaguely about retirement. A successful coup or assassination would require luck and secrecy, making the chances very great that we would have little, if any, warning. While civil disturbances are possible, they have been rare in recent years. The largest and most serious, which occurred in downtown Havana in August 1994, was controlled within hours and never strained the security apparatus.

The method of Castro's departure would shape what followed. A few years ago, a top Cuban official said publicly that the country's next president would be a collective, a hint that under a peaceful transition, a coalition of existing institutions and policymakers might emerge. Cuba has a skilled and disciplined bureaucracy. Nevertheless, any new rulers would face greatly increased popular and international expectations of change. Castro's absence, moreover, would remove an essential linchpin of the current system; today's debates over the pace and scope of reform would lose their judge and referee. More violent succession scenarios would open the door to more dramatic and less stable outcomes.

Future Immigration from Cuba

**QUESTION 18:** What threat do future immigration flows from Cuba to the United States pose for our country?

**ANSWER:** By establishing a repatriation mechanism, the United States and Cuba have sharply reduced illicit departures from the island. The Cuban Government has publicly expressed its satisfaction with bilateral migration accords that commit the United States to granting a minimum of 20,000 visas per year. That figure appears to satisfy Castro's desire for a "safety valve", and he has shown no inclination to permit another exodus. In the past, Castro has authorized mass departures only after the emergence of a serious security problem--in 1980 it was the occupation of the Peruvian Embassy by asylum-seekers and in 1994 it was street disturbances in Havana sparked by a series of boat hijackings to the United States. A new boatlift would damage his economy--dependent as never before on tourism and foreign investment--scotch any hope for improved relations with the United States, and expose the depth of disaffection with his rule.



Possible Haitian Government Complicity in Killings

**QUESTION 19:** Please assess the results of the FBI's investigation into possible official Haitian government complicity in execution-style killings that have occurred in Haiti over the past several months.

**ANSWER:** In 1995, about 20 professional killings were committed in Haiti, some of which appear to have been perpetrated by then officers of the government for reasons of politics or personal revenge. The murder of Mireille Bertin, a well-known spokesperson for the military regime, in March 1995 is the most prominent case of an apparently politically motivated killing to date. The United States responded to the Bertin assassination by contacting the Haitian Government within several hours of the attack and offering the services of the FBI to help with an investigation. Port-au-Prince immediately accepted.

- An FBI team arrived the day following the assassination and maintained a presence in Haiti until early October. The team developed promising leads in the Bertin case--as well as in several other killings--but was unable to complete the investigation for a variety of reasons, including insufficient cooperation from the Haitian Government.
- The Haitian Government established the Special Investigative Unit (SIU) of the Haitian National Police in October 1995 to investigate several of last year's high-profile political killings as well as some that occurred under the de facto regime (1991-94). The FBI briefed the SIU in December 1995 on its investigation of the Bertin murder and turned the case over to Haitian authorities. The SIU consists of 10 officers, charged with investigating more than 80 cases, who have received no more than one week of specialized investigative training. Two US Government contractors have been sent to Haiti to advise and assist the SIU. To date no arrests have yet been made in the Bertin case, and the SIU remains at a preliminary stage in its effort to investigate the other killings.
- The FBI's findings are part of a sensitive criminal investigation and we defer to the Bureau on the details.

**Threats to the New Haitian Government**

**QUESTION 20:** Are there any signs of serious threats to the Preval government?

**ANSWER:** A strong international security presence has played a major role in maintaining political stability since President Aristide's return to Haiti in October 1994. We see no signs of serious dangers to the Preval government from either the right or the left, although the potential exists for threats to grow in the future. Many supporters of the former military government are still in Haiti, but available information suggests they remain intimidated by the foreign troop presence and, for the most part, have shunned political organizations since the US intervention. The ruling Lavalas movement encompasses a wide spectrum of leftist groups. There are strains in the movement as a result of the shift in the presidency in February 1996 from Jean-Bertrand Aristide to Rene Preval. Factions have taken opposing positions on whether Aristide's term of office should have been extended as well as on such policy issues as corruption and privatization. However, these disagreements are playing out in the political realm and there is no indication at this time that radical leftists are plotting against the government. Similarly, citizen protests against the government have been limited to strikes by specific employee groups, local demonstrations for stronger police protection, and demands for better government services, none of which has spread to the population at large. Nonetheless, Haiti remains a violent political environment and some members of the government have expressed increasing concern about their personal safety as factional rivalries intensify.

**a) What progress has been made on seizing arms caches?**

**ANSWER:** Speculation that numerous arms caches exist in Haiti has been widely reported in international media, but little proof is offered to support these allegations. UN forces have not discovered any weapons caches in recent months. Even the nationwide disarmament campaign carried out by police and vigilante groups at government urging after the murder of a pro-Aristide legislator last November failed to turn up any hoards.

- Weapons seizures and buy-back programs netted more than 30,000 arms during the deployment of the Multinational Force from September 1994 to March 1995. Weapons searches by the police continue throughout Haiti, but yield few weapons.

**Threats to the New Haitian Government**

- Nonetheless, thousands of small arms--including pistols, submachineguns, and assault rifles--probably remain in private hands, many given by past governments to their supporters, issued to civilian militias, or purchased by individuals for personal use.

b) What is the current status of Cedras, Biamby, and Francois--as well as Williams Regala and Prosper Avril? Are there any charges pending against these individuals, either in the US or in Haiti at this time?

**ANSWER:** General Raoul Cedras and General Philippe Biamby, accompanied by members of their families, have been in exile in Panama since 14 October 1994. Former police chief Col. Michel Francois traveled overland to the Dominican Republic in October 1994, where he was granted a visa. On 12 April 1996, the Dominican Government detained him for deportation to Honduras in support of the Haitian Government's concerns about his potential for fomenting anti-government violence. We do not know the whereabouts of Williams Regala.

- We are not aware of any charges against Cedras, Biamby, or Regala, either in the United States or Haiti.
- Last September, a Haitian court sentenced Francois and 16 others in absentia to a life at hard labor for their role in the 1993 killing of Antoine Izmerly, Aristide's campaign manager. To our knowledge, no charges have been filed against him in the United States.
- Prosper Avril sought sanctuary in the Colombian Embassy when his house was raided by police in November 1995. Although the government had a warrant for his arrest and denied him safe passage out of Haiti during his months under Colombian protection, security forces have not arrested him since he left the Embassy in March 1996. He remains in Haiti, but has applied for a passport.

Mexico: Prospects for Economic Recovery  
and Political Stability

**QUESTION 21:** What are prospects for Mexico's political system?

- a) What impact will reforms now under way have in making the system stable and democratic? What is the possibility of collapse of the current political system and widespread instability? What type of political structures are emerging that could replace the long-dominant one-party system?
- b) What are Mexico's near-term economic prospects? What are the implications for the United States? Will Mexico be able to comply with the conditions of the US loan package? How will NAFTA be affected?
- c) How will political turmoil and possible social instability affect bilateral relations, migration flow, and narcotics trafficking?

**ANSWER:** Results of multiparty electoral reform talks at the center of President Zedillo's democratization efforts are expected to be passed into law before campaigning for 1997 mid-term elections begins this fall.

- The proposed changes, which include equalizing party access to the media and placing stricter limits on campaign financing, would help level the playing field. Their impact in practice will depend on the government's determination and the ability of the Federal Electoral Institute's ability to enforce them. The measures under discussion would also increase the independence of the Institute and place the adjudication of electoral disputes under the jurisdiction of judicial authorities.
- The growth of the conservative National Action Party--now in control of four key governorships and the mayoralties of most of Mexico's largest cities--is slowly eroding the dominance of the ruling party in national politics. The slow evolution has been an important factor limiting the potential for social unrest, allowing Mexicans to express their discontent with the ruling party at the ballot box.
- Despite continuing economic hardships and the potential for sporadic political violence, the likelihood of widespread social unrest remains fairly low.

Mexico: Prospects for Economic Recovery  
and Political Stability

- In the near term, most experts expect Mexico to grow only 2 to 3 percent in 1996 in a gradual recovery from the 6.9-percent decline in economic activity last year. Some economic indicators--including industrial production, auto sales, and employment--suggest the recession bottomed out in mid-1995. The export sector promises strong growth, but is not large enough to drive the overall economy.

Mexico will likely continue to run a trade surplus with the United States that developed after the December 1994 peso devaluation. It will also honor NAFTA and probably will remain current on payments under the US financial assistance program.

- Mexican officials have pledged to keep the peso from becoming overvalued again, keeping Mexican goods relatively cheap here while the slow recovery will limit Mexican demand for US exports.
- Mexico City almost certainly will honor its contractual commitments under NAFTA. The opening of the Mexican banking sector to foreign investment has exceeded the NAFTA liberalization schedule, though Mexican officials have shown little interest in accelerated tariff reduction talks.
- No principle payments are due under the US loan package until mid-1997 and most observers expect that Mexico will be able to cover those obligations through a combination of increased foreign investment and additional borrowing, assuming Mexico's ability to tap international financial markets continues unabated.

In the event that unexpected financial or political jolts plummet Mexico into a period of sustained instability, bilateral relations would be strained.

- Narcotics traffickers would likely exploit this situation to step up their operations and expand their domestic political and economic influence.
- A worsening economic situation would lead more Mexicans to attempt to enter the United States, complicating our ability to control our borders and raising the profile of immigration as a bilateral issue.



### Mexico Counternarcotics

**QUESTION 22:** The increasing evidence of narcotics entering the United States through the US-Mexican border is alarming. What role does Mexico now play in our counternarcotics effort? To what extent are we able to monitor drug trafficking through Mexico? What can be done to disrupt and dismantle narcotics trafficking through Mexico?

**ANSWER:** The arrests and surrender of most of the major Cali drug mafia kingpins in Colombia may open new opportunities for powerful Mexican polydrug organizations to gain greater influence in the international cocaine trade. More than half of the cocaine entering the United States transits Mexico; Mexico is also a longtime source of heroin and the largest foreign source of marijuana for the US market. Moreover, Mexican drug-trafficking organizations are gaining dominance in the US methamphetamine market.

For these reasons, collection and analysis of narcotics trafficking through Mexico is a priority in the Intelligence Community's support for US counternarcotics efforts. Our ability to monitor trafficking activity through Mexico has increased significantly since late 1993 as a result of enhanced collection and analysis efforts. As in Colombia, Mexican drug-trafficking organizations are potentially vulnerable to targeting of their leadership, infrastructure, and business and financial holdings. The Zedillo administration has stated that narcotics is a national security issue, has pledged to crack down on trafficking groups and corruption, and has shown signs of increasing commitment to this goal. Since the beginning of this year, the Mexican Government has scored some significant accomplishments in counternarcotics--including arresting and extraditing drug kingpin Juan Garcia Abrego to the United States and raiding offices and residences belonging to the violent Arellano Felix drug-trafficking family in Tijuana.

Threat from Heroin

**QUESTION 23:** Presidential Decision Directive 14 refocused US efforts against the cocaine trade. The Administration has been working on a similar review of the heroin trade. What is the status of that review? How does the heroin trade differ from the cocaine trade and how will the Intelligence Community approach differ?

**ANSWER:** Presidential Decision Directive-44, "US Policy on International Heroin Control," was signed by President Clinton on 21 November 1995.

The Intelligence Community's approach to supporting US policy and law enforcement objectives against international heroin trafficking reflects fundamental differences between the heroin and cocaine trades. Unlike the cocaine trade, in which major trafficking organizations like the Colombian Cali mafia control everything from processing to distribution, the Asian heroin trade typically involves a series of transactions in which the drug changes hands several times from production to wholesale distribution. International brokers in major regional commercial centers play the pivotal role in narcotics transactions. In concert with the law enforcement community, the intelligence collection and analysis effort is directed against these vital "links" in heroin production and trafficking networks.

Economic Intelligence Collection

**QUESTION 24:** Please describe the process for determining what specific types of economic information should be collected by the Intelligence Community, including the following questions:

a) How are economic intelligence collection priorities determined?

**ANSWER:** Priorities are determined by close consultations with senior policymakers, interagency discussion of relative importance, and a formal review process involving relevant consumers.

b) Are requests for economic intelligence initiated outside the Intelligence Community?

**ANSWER:** Requests for intelligence come from either senior policymakers or the Intelligence Community itself. The Community's requests usually reflect direct contacts with senior consumers.

c) How do you ensure the information collected by the Intelligence Community does not duplicate information available through open sources?

**ANSWER:** Our information flows from all-source collection. Some of the information will be based on open-source material available to policymakers, but it is integrated with non-open-source collected materials to provide a unique product.

d) How do you ensure economic intelligence information fits the policymakers' needs?

**ANSWER:** We assure a match between products and policymaker needs by continuous contact with consumers before collection and through follow-up discussions after completion of products. Our consumers are good at letting us know if we have missed the mark.

e) Who determines whether the value of the economic information to be collected outweighs any risks of collection?

**ANSWER:** We have a formal process for evaluating risk/benefits of collection efforts. Moreover, we have just established a new process to serve very senior policymakers who have expressed specific needs for "riskier" information. Under such circumstances, we evaluate alternative methods of acquisition and select the least risky approach.

Economic Espionage Against the U.S.

**QUESTION 25:** How do you distinguish between economic espionage and aggressive but legitimate information gathering by a foreign government or foreign corporation? Please describe the type of economic espionage you see as the greatest threat to US economic competitiveness. To what extent is economic espionage against the US supported and coordinated by foreign governments?

**ANSWER:** The Counterintelligence Center (CIC) has examined a number of countries from the standpoint of their willingness to conduct economic espionage against US interests. CIC has narrowly defined economic espionage to include a government-directed or orchestrated clandestine effort to collect US economic secrets or proprietary information. We do not characterize as economic espionage "legitimate information gathering activities by a foreign government or foreign corporation," even if carried out aggressively and skillfully.

We see government-orchestrated theft of US corporate S&T data as the type of espionage that poses the greatest threat to US economic competitiveness.

We have only identified about a half dozen governments that we believe have extensively engaged in economic espionage as we define it. These governments include France, Israel, China, Russia, Iran, and Cuba. Japan and a number of other countries engage in economic collection, but we believe their efforts are mostly legal and involve seeking openly available material or hiring well-placed consultants.

Coordination of Effort against Economic Espionage

**QUESTION 26:** What steps have been taken to ensure close coordination between the Intelligence Community and law enforcement agencies in the effort against foreign economic and industrial intelligence collection?

**ANSWER:** A legislative proposal for adding an economic espionage criminal statute has been made by the Department of Justice (DoJ) and is currently being coordinated within the Executive Branch. Numerous discussions have occurred involving DoJ, FBI, CIA's Counterintelligence Center (CIC), and CIA's Office of General Counsel relating to the coordination of law enforcement and counterintelligence efforts in this area. For example, draft language has now been agreed between CIA and DoJ that would require FBI coordination with the DCI whenever the Bureau undertakes economic espionage investigations abroad that may involve a foreign power, or an agent of foreign power, or that could affect an intelligence or counterintelligence equity or interest. In addition, senior FBI officers have visited CIA's CIC to discuss deconflicting joint activities relating to economic espionage investigations. This effort is ongoing.



Economic Analysis

**QUESTION 27:** Please give your assessment of the quality of economic analysis within the Intelligence Community. In your view, how useful is this analysis to federal agencies with a need for economic information? To what extent does economic analysis by the Intelligence Community duplicate economic analysis that takes place in other federal agencies and the private sector? What additional value is brought to economic analysis by the Intelligence Community?

**ANSWER:** Our analysis is somewhat uneven in quality. On many issues, we provide outstanding analyses to policymakers that is uniquely based on all-source information. Our value-added is the ability to use open-source material together with classified material in reaching judgments about emerging issues or potential problems.

If the issue is one that has received considerable attention from the private sector or academic circles, our value-added is small, at best. We are constantly working to refrain from producing material otherwise available to policymakers.

While some analysis is done in other agencies, that analysis is often not shared within the Community, nor is it based on all-source material. There is some duplication in subject matter but rarely in source material; final products virtually always are different.

Some of our products reaffirm analysis done in the private sector, but that confirmation is based on alternative sources of information and is not duplicative. Rather, it is supplemental.

### The Utility of Economic Intelligence

**QUESTION 28:** In your estimation, how useful has U.S. economic intelligence been during your tenure as DCI? How have policymakers reacted to what you provide?

**ANSWER:** I feel confident in saying that during my tenure as DCI economic intelligence has been very useful in bringing facts and analysis to policymakers that directly bears on the issues confronting them. Often the information provided by the Intelligence Community is unavailable from any other source. I have found that we have supported policymakers time and again with objective assessments of the economic pressures and opportunities facing foreign leaders. And we have provided US policymakers with intelligence on the economic plans and intentions of foreign countries that has assisted them in their decision making process.

Top policymakers have come to depend heavily on the Daily Economic Intelligence Bulletin (DEIB), the Agency's primary vehicle for conveying economic analysis. I would say the DEIB's analysis has provided well-appreciated, unique insights to key economic policymakers. This is especially the case when the analysis combines political and economic perspectives or explains the broader US interest in a complex economic issue.

Economic intelligence particularly noted by our customers for its usefulness includes:

- Work done on key economies such as Russia, China, Eastern Europe, and Big Emerging Markets, especially economic analysis that helps elucidate political and security issues in these countries.
- Intelligence support for bilateral and multilateral negotiations, which was occasional a few years ago and has now become standard operating procedure.
- Monitoring of foreign compliance with economic sanctions against Iraq, Libya, and Serbia.
- Intelligence Community efforts to help policymakers better understand how foreign governments have worked to undermine the efforts of US business to secure overseas contracts.

To be sure, some consumers have been critical of economic intelligence that they felt lacked depth, sophistication, and timeliness. While these characterizations represent only a fraction of the overall reactions I have heard, I take these criticisms seriously and I have launched efforts to address them.

### The Utility of Economic Intelligence

- The Chairman of the National Intelligence Council and the National Intelligence Officer for Economics have instituted periodic meetings with deputy department heads at Treasury, Commerce, USTR, the National Economic Council (NEC), and with the Under Secretary of State for Economic and Business Affairs to focus collection and analysis more effectively on key economic policy issues.
- We have upgraded intelligence liaison support at key economic agencies, including establishment of a DCI representative at USTR and an expanded briefing program for senior officials at Treasury, NEC, and CEA.
- Economic analysts have expanded their efforts to tap private sector expertise.
- We are investing more in internal and external training of economic analysts to deepen their analytical skills, knowledge of quantitative methodologies, and area expertise.

Meanwhile, we continue to adjust to meet new priorities of the policymaker.

- We are allocating more analysts to work hard target countries and issues where intelligence is often the only source of information.
- We have taken advantage of new technologies and deployed it to analysts so that much of the openly available information can be synthesized and analyzed for policymakers. This same technology is being used to get the finished intelligence product to the consumer faster.
- We have increased contacts with and service to the policymaker by providing spot briefings, support for trips and summits, and tailored products for specific needs.

Threat to Atlanta Olympics

QUESTION 29: The upcoming Olympic Games in Atlanta provide a tempting target for terrorist groups. There will be 20 to 30 heads of state at various events and more than 400,000 spectators a day in Atlanta. The games will be televised around the world and there will be athletes from virtually every country.

a) What groups have the capacity to launch an attack during the Olympics? Are there indications that any of these groups or any other group intends to stage a terrorist incident in Atlanta? Are you confident that we are doing everything possible to deter such an attack?

b) Because the Olympics are being held in the United States, the FBI is the lead agency for intelligence and counterterrorism support. How is the rest of the Intelligence Community supporting the FBI? How would you describe the interagency cooperation? Do you think enough resources are being dedicated to this effort?

ANSWER: The responses to these questions are classified and are found in a separate enclosure.

Threat of Terrorists Biological, Chemical,  
or Radiological Weapons

**QUESTION 30:** The sarin gas attack in the Tokyo subway last year highlighted the danger of a terrorist attack using chemical, biological, or radiological weapons.

a) Do we have any indications of terrorist organizations developing a capability to use any of these weapons? What are the prospects of a state sponsor providing such a weapon to a terrorist group?

**ANSWER:** The danger that a terrorist organization like the Aum Shinrikyo could again acquire the capability to launch an attack using chemical or biological weapons continues to grow. Terrorist interest in chemical and biological weapons is not surprising, given the relative ease with which some of these weapons can be produced in simple laboratories, the large number of casualties they can cause, and the residual disruption of infrastructure. Although popular fiction and national attention have focused on terrorist use of nuclear weapons, chemical and biological weapons are more likely choices for such groups.

- In contrast to the fabrication of nuclear weapons, the production of biological weapons requires only a small quantity of equipment.
- Even very small amounts of biological and chemical weapons can cause massive casualties.
- Terrorist use of these weapons also makes them weapons of mass disruption because of the necessity to decontaminate affected areas before the public will be able to begin feeling safe.

The continued willingness of such states as Iran, Libya, and Syria to support terrorism highlights the danger of state sponsorship of a terrorist's chemical or biological weapons program. Although we currently have no evidence of state sponsors providing chemical or biological weapons, or the technologies to produce them, to terrorist groups, recent revelations about Iraq's well-hidden chemical and biological programs highlight the difficulty in detecting national programs to develop such weapons and disperse them to terrorist entities.

Despite a number of press articles claiming numerous instances of nuclear trafficking worldwide, we have no evidence that any fissile materials have actually been acquired by any terrorist organizations. We also have no indication of state-sponsored attempts to arm terrorist organizations with the capability to use any type of nuclear materials, fissile or non-fissile, in a terrorist act. Unfortunately, this does not preclude the possibility that a terrorist or other group could acquire, potentially through illicit trading, enough radioactive material to conduct an operation, especially one designed to traumatize a population.



Threat of Terrorists Biological, Chemical,  
or Radiological Weapons

30 b) The Aum Shinrikyo attack proved that deadly chemical weapons could be manufactured easily in small laboratories. What is the likelihood that the US Intelligence Community could detect such an effort by a terrorist organization either in the United States or abroad?

**ANSWER:** An effective program to combat terrorist use of WMD will require vigorous efforts by police and intelligence agencies, from local police through international law enforcement and intelligence organizations, to detect and intercept possible terrorist acts.

The mission of the US Intelligence Community in the counterproliferation area is to support those who make and execute all four aspects of US nonproliferation policy: preventing acquisition; capping or rolling back existing programs; deterring use of WMD; and ensuring US and allied forces ability to operate against proliferated weapons.

To achieve these ends, the Intelligence Community focuses its efforts on providing accurate, comprehensive, timely, and actionable foreign intelligence. The Community has also searched for new ways and opportunities to add substantial value to counterproliferation policy decisions and activities. This includes maintaining a surge capability to quickly deploy specialists outside the United States to the scene of a terrorist nuclear or radiological threat to provide the US Mission and host government advice and guidance on dealing with the threat. During such an event, the specialists would coordinate fully with appropriate United States Government Agencies, keeping them informed and drawing upon their expertise if follow-up action is required.

Situation in Sudan

**QUESTION 31:** The United States recently withdrew all personnel from Sudan. Was this in response to specific threats or an evaluation of the overall threat environment in Khartoum? Did the Intelligence Community agree with the decision to withdraw from Sudan? Will this withdrawal affect your ability to collect against important targets?

**ANSWER:** In late January of this year, Washington suspended relations with Khartoum and, because of general security concerns, sent US Mission personnel there to Nairobi. A month prior to that decision, the Intelligence Community had judged that US citizens and facilities in Khartoum were at risk of violent attack from several sources:

- Attacks conducted by elements of the Sudanese security services or the National Islamic Front, which controls the government, with or without explicit official authorization.
- Attacks conducted by elements of the numerous anti-US extremist and terrorist groups that have bases or representation in Sudan.
- Attacks conducted by private Sudanese citizens or groups possibly reacting to anti-US rhetoric from the government media and radical Islamic religious leaders.

We have no proof that the current regime has conducted or instigated an attack against a specific US target in Khartoum. Nonetheless, its officials have encouraged and helped to plan terrorist attacks against US and other targets in Third World countries. In December 1995, two US citizens were accosted, but not injured, by an individual wielding a mace-like club. We believe that the attacker may have been connected with the Sudanese security services.

The responsibility of the Intelligence Community has been to provide intelligence to help policymakers assess the risks to US persons in Khartoum. We have not taken a position on the decision to relocate the Mission.

The withdrawal of personnel from Khartoum will certainly impair our ability to collect against some important targets, such as foreign sources of military aid and purchases, troop movements in southern Sudan, Sudanese reactions to US policy initiatives, Khartoum's cooperation with Iran and Iraq, and official Sudanese contact with terrorist organizations.

Sudan: Regional Impact of Radical Islamist Agenda

**QUESTION 32:** What is the threat posed to regional governments by Sudanese-backed insurgents, terrorism, or conventional armed conflict over the next two years? Can external support to the insurgents change the military balance in Sudan's civil war sufficiently to pressure Khartoum to negotiate in earnest with the insurgents or to refrain from regional destabilization?

**ANSWER:** These same questions were addressed in a National Intelligence Estimate published in May 1995. Although the judgments of the Estimate were largely classified, we can say on the basis of the Estimate and a more recent review that the Intelligence Community judges that Sudan's continued support for insurgent, terrorist, and Islamic extremist groups is still a destabilizing force in the Horn of Africa and a cause for concern among some moderate Arab states.

If Khartoum's military resupply pipeline were to dry up and if the insurgents were significantly bolstered by external support, then Khartoum might demonstrate some tactical negotiating flexibility. Nonetheless, its long-term objective to spread radical Islam in the region would not change. Likewise, concerted international pressure--such as the threat of the UN Security Council sanctions against Khartoum for harboring suspects wanted by the Ethiopian Government for the assassination attempt against President Mubarak last June--may induce Sudan to take limited steps to restrict its support to high-profile terrorist groups. Again, such moves would be tactical in nature. We expect no significant change in this regime's long-term radical agenda.

Transient Terrorists Groups with No State Sponsorship

QUESTION 33: Several high profile attacks over the past years, including the World Trade Center bombing and the killings outside the CIA headquarters, were carried out by loose-knit groups of individuals with no state sponsorship and no discernible organizational structure. What special challenges do these groups present and how have you changed your collection efforts to detect the formation of these groups?

ANSWER: The response to this question is classified and is found in a separate enclosure.

The Foreign Terrorist Threat in the United States

QUESTION 34: What threats do foreign terrorist organizations and U.S. based groups with foreign links pose to the U.S.? Which organizations are most likely to conduct attacks? Are such organizations planning to use new and more devastating methods--such as weapons of mass destruction and other new technologies--in the U.S.? Where is the U.S. most vulnerable to attack from such terrorist organizations? What vulnerabilities among foreign terrorist groups most likely to stage attacks in the U.S. can law enforcement agencies exploit?

ANSWER: The response to this question is classified and is found in a separate enclosure.



The Kurdistan Workers' Party:  
Beyond Turkey, Beyond Terrorism

**QUESTION 35:** What are the strategic objectives of the Kurdistan Workers' Party (PKK)? To what extent is the PKK combining terrorism with a broad international political campaign for Kurdish rights in Turkey? What are the prospects of the PKK's international campaign succeeding, particularly in Europe, and how will this affect Ankara's management of its counterinsurgency campaign at home? What impact will the PKK's campaign--and Turkey's response--have on US efforts to ease Turkey's relations with other European partners?

**ANSWER:** The Kurdistan Workers' Party (PKK) aims to establish a separate Kurdish state carved out of southeastern Turkey, as well as parts of Iraq and Iran, and seeks greater cultural rights for Kurds. The PKK has led a violent insurgent campaign in southeast Turkey since 1984 and has attacked Turkish Government and commercial targets in major Turkish cities as a means to pressure Ankara.

The PKK is expanding its political activities abroad, especially in Europe, in the hope of attracting international attention to the Kurdish cause in Turkey and bringing outside leverage on the Turkish Government. PKK fundraising activities abroad target Kurdish communities, and they range from soliciting donations, on the one hand, to extortion and narcotics trafficking, on the other. Guerrilla fighters recruited from Turkey and abroad are trained in known Middle Eastern terrorist camps, including ones in Syria and Iran.

- The PKK's international campaign thus far has been fairly successful, particularly in Europe, and in countries harboring historical animosities toward Turkey. Greater PKK political activism abroad has undermined the ability of moderate Kurdish political organizations to gain a foothold in Turkey and stiffened Ankara's resolve to pursue a tough military campaign.
- The PKK compares itself to the PLO and is striving for international recognition as the legitimate spokesman for all Kurds. It is unlikely to achieve this goal anytime soon, since it is not supported by all Turkish Kurds. In addition, it is not embraced by many Kurdish communities in Syria, Iraq, Iran, and Europe.
- PKK activities abroad, especially in countries with traditional animosities toward Turkey--such as Syria, Greece, Russia, and Iran--are further straining Ankara's relations with these states. Tough Turkish military measures against PKK insurgents inside Turkey and in neighboring states will undermine US efforts to bolster Turkey's relations with European partners.

CIA and FBI Division of Labor

**QUESTION 36:** As the CIA has begun to collect intelligence on international organized crime tensions have developed with the FBI. What steps have you taken to address these tensions? How have responsibilities been divided?

**ANSWER:** The CIA and FBI are in regular contact on international organized crime issues and work together cooperatively. There are, of course, significant differences in how our two agencies approach the organized crime issue. FBI's primary concern is with criminal activity that directly affects the United States. The CIA, in its policy support role, must also focus on organized crime's impact on the political and economic stability of vulnerable states like Russia. However, consistent with applicable legal restrictions, CIA's analytical efforts are also aimed at providing law enforcement agencies with information and assessments on the organizational structure and activities of foreign criminal organizations, particularly Russian crime groups.

As we have worked together to fashion a sound division of labor on international organized crime issues, CIA and FBI have devised mechanisms to ensure that programs are complementary rather than competitive. The DCI Crime and Narcotics Center works closely with the FBI to determine which international crime groups the Intelligence Community should focus on for collection and analysis. This effort is most advanced in our work against Russian criminal organizations. We have also exchanged personnel at working and senior levels to enhance each agency's understanding of the other's mission, to take advantage of each agency's substantive expertise, and to enhance cooperation.

Effect on Democratization and Privatization in Russia

**QUESTION 37:** How have the burgeoning organized crime groups in the former Soviet Union affected the process of democratization and privatization in these new nations?

**ANSWER:** The rapid growth of crime and the common perception that almost all political officials are corrupt taint the reform process, undermine popular confidence in government at all levels, and encourage support for hardline politicians.

Information on criminal activity during the voucher phase of Russia's privatization program is murky. There are greater opportunities for criminals to infiltrate the cash phase of the program--particularly because many of the industries involved, such as energy, metallurgy and transportation, have been targeted by organized crime, according to Russian press.

- The Interior Ministry (MVD) and the Russian Business Roundtable have warned that money can be laundered through cash auctions of firms, giving criminals control of the firm and protection from prosecution.
- Press reporting indicates that the banking sector is widely influenced by organized crime, making the loan-for-shares program especially vulnerable.

**QUESTION 37:** Will organized crime try to influence Russia's upcoming presidential election? If so, in what way?

**ANSWER:** Because so much is at stake in the Russian presidential election, we believe that crime groups--like many other segments of Russian society--will attempt to influence the outcome of the election. Many crime groups currently benefit and will work hard to avoid being forced to adjust their operations and rebuild new personal relationships if a new administration comes to power. Nevertheless, Russia's organized crime groups probably will be able to operate whatever the outcome of the June presidential election.

Crime groups are most likely to put their vast financial resources at the disposal of the various presidential candidates. We cannot exclude, however, the possibility of isolated instances of voter harassment, press intimidation, or other irregularities by crime groups--some acting with official sanction--seeking to protect their interests and preserve their influence among key elites.

Smuggling of Components of Weapons of Mass Destruction

**QUESTION 38:** Do we have any indications that criminal organizations have or are likely to engage in smuggling weapons grade nuclear material or other components of weapons of mass destruction?

**ANSWER:** Organized crime is a powerful and pervasive force in Russia today. We have no evidence, however, that large organized crime groups, with established structures and international connections, are involved in the trafficking of radioactive materials. The potential exists, though, and Russian authorities have announced arrests of criminals, alleged to be members of organized crime groups, associated with seizures of non-weapons grade nuclear materials.

We estimate that there are some 200 large, sophisticated criminal organizations that conduct extensive criminal operations throughout Russia and around the world. These organizations have established international smuggling networks that transport various types of commodities. Many of these groups have connections to government officials that could provide them access to nuclear weapons or weapons grade materials and enhance their ability to transport them out of the country. In fact, various reports suggest there are vast networks, consisting of organized crime bosses, government officials, military personnel, intelligence and security service officers, as well as legitimate businesses. These networks would have the resources and the know-how to transport nuclear weapons and materials outside the former Soviet Union.

Intelligence Community Support in Bosnia

**QUESTION 39:** Intelligence has undoubtedly has played an important role in helping the Bosnian operation run smoothly. But what are the shortfalls in Intelligence Community support to the Bosnia operation and what is being done to rectify these problem areas?

**ANSWER:** A key problem in supporting the Intelligence Community is a comparative shortage of experienced Balkan analysts, given increased demand for them in the wake of the IFOR deployment. We are redressing this problem by temporarily reassigning analysts from other areas to work the issue.

Substantively, the low level of contact between US Government and Bosnian Serb officials means we have less information than we would like on internal political developments in the Bosnian Serb entity, such as likely replacements to Karadzic and Mladic--issues that will be particularly important as elections approach later this year. Intelligence requirements have been sent out to try to remedy this situation.

**QUESTION 39:** What is your assessment of the likelihood that the parties will continue to comply with the Dayton Accord and the IFOR Commander Directives? In the longer term, what are the key determinants in establishing stability in Bosnia and the region?

**ANSWER:** The former warring factions in Bosnia will continue to make generally good progress on the military provisions of the Dayton Agreement and IFOR Commander Directives, although their compliance on Dayton's political provisions is likely to lag without sustained international pressure. Military forces from all three sides--Bosnian Muslims, Croats, and Serbs--will occasionally test IFOR's resolve on the ground, but will back down when confronted by IFOR's superior resources.

Over the longer term, the willingness of the Bosnian Muslims, Croats, and Serbs to complete implementation of Dayton's civilian provisions and to build new governing structures will be an important factor in maintaining stability in the region. Nationwide elections this summer will be a major test of this willingness, as nationalists appear poised to win at the polls, a development that could diminish the long-term prospects for the Muslim-Croat Federation and the survival of Bosnia as a single entity. The international community's ability to maintain political pressure on the parties and to exercise leverage through reconstruction aid and other forms of assistance would help bolster those more moderate political elements which are dedicated to rebuilding a multi-ethnic Bosnia.



Ballistic Missile Threat to the US

**QUESTION 40:** In his prepared statement, General Hughes of the Defense Intelligence Agency states: "The Intelligence Community has concluded that no country, other than the major declared nuclear powers, will develop or otherwise acquire a ballistic missile in the next 15 years that could threaten the contiguous 48 states; only a North Korean missile in development, the Taepo Dong 2, could conceivably have sufficient range to strike portions of Alaska or the far western Hawaiian Islands.

a) Does the CIA and do all other components of the Intelligence Community share this view?

**ANSWER:** General Hughes' statement reflects the official views of the CIA and all other interested Intelligence Community components. As a minor clarification, a recent National Intelligence Estimate suggests that development of the Taepo Dong 2 missile with a capability to reach Alaska is somewhat more likely than might be inferred from General Hughes' statement.

b) Some individuals have questioned whether intelligence on the long-range missile threat to the United States has been politicized--particularly regarding the status of North Korea's Taepo Dong 2 long-range missile. In your opinion, has the CIA and the rest of the Intelligence Community been consistent over the last several years regarding its assessment of the long-range ballistic missile threat to the continental United States? Please explain.

**ANSWER:** The conclusions of the NIE were in no way influenced by political pressure. During production of the NIE, there were no discussions between Community analysts and any consumers on relevant substantive issues. Moreover, the conclusions noted by General Hughes were agreed to by both analysts and senior managers at all interested Community agencies. The timing of the NIE was dictated by consumer pressure to complete production as soon as possible and by time required for analysis, drafting, and coordination throughout the Community.

Recent intelligence assessments of long-range missile threats to the United States are consistent with, but not identical to, assessments published since the beginning of 1993. Recent projections reflect minor changes from earlier projections. For most of these assessments, especially those for the North Korean Taepo Dong missiles, only the earliest realistic dates for development or deployment have been reported. Consequently, the reported assessments are

Ballistic Missile Threat to the US

for a possible, but unlikely, pace of development. Since 1993, as we expected, some of the requisite activities did not occur. As a result, the earliest realistic dates for deployment have slipped. We think that additional experience in analyzing Third World missile programs has permitted improved assessments. We also note that our recent assessment is consistent with a July 1995 report published by the Ballistic Missile Defense Organization.

THE CIA and the News Media

QUESTION 41: You have recently been quoted in *The Washington Post* as stating that the CIA maintained the right to use U.S. journalists or their organization as cover for intelligence activities but only under restrictive regulations published 19 years ago. Please elaborate on this.

ANSWER: The response to this question is classified and is found in a separate enclosure.

Intelligence Support to the War Crimes Tribunal

**QUESTION 42:** What, if any, role does the US Intelligence Community play in support of the War Crimes Tribunal? What more could the Intelligence Community be doing to support the work of the War Crimes Tribunal?

**ANSWER:** The Intelligence Community (IC) fully supports and participates in US Government efforts to assist the War Crimes Tribunal in identifying and bringing to justice those responsible for war crimes in the Balkans.

- The IC, through the Department of State, provides the Office of the Prosecutor with information, including classified information, on a confidential basis for lead purposes, in accordance with the Tribunal's Rules of Procedure, on a range of issues related to its investigations.
- State Department's Bureau of Intelligence and Research (INR) is the Intelligence Community's Executive Agent in this matter.
- Since late last year, the DCI has taken steps to help ensure that intelligence support is handled expeditiously, and that CIA and other intelligence agencies have taken steps to continue and upgrade their levels of support. This process is ongoing, and our effectiveness is reviewed periodically.
- Although we will always find that we can do more in support of the war crimes prosecutor, we are confident of the IC's commitment to work responsibly and proactively, as necessary, in responding to this important effort to see justice done.
- It would be inappropriate to discuss the details of US support publicly, but we can say that Prosecutor Goldstone has said he is pleased with the assistance he has received from the United States.

Environmental Intelligence

**QUESTION 43:** Is the Intelligence Community able to collect unique, classified information that is helpful in understanding environmental pollution and ecological change? If so, how effectively can this information be exploited by federal agencies with an environmental mission?

**ANSWER:** The Intelligence Community does have access to information that is not otherwise available. For example, uniquely long time-series of imagery of forested areas available in classified archives have proved valuable to environmental scientists. They provide knowledge of historical patterns of deforestation and associated ecological change that could not be obtained in other ways. When required, the information contained in such imagery is made available to other federal agencies with an environmental mission in the form of unclassified derived products. This greatly facilitates their ability to exploit it.



Environmental Devastation in Russia

**QUESTION 44:** Recently, there has been increasing concern regarding the environmental devastation in Russia, particularly pollution caused by the Russian nuclear complex in northern Russia.

a) To what extent does this situation present a threat to US national security interests? What are our intelligence capabilities to monitor this situation?

**ANSWER:** While posing no current direct environmental or health threat to the US, environmental degradation in Russia has the potential to directly impact US interests. The most direct impact would be a catastrophic event, such as the Chernobyl' nuclear accident or the accidental detonation of a nuclear weapon in Russia. While such an accident would have minimal impact in the continental US, US personnel could be caught in the fallout pattern or become involved in the extensive accident mitigation effort in Russian, and potentially other parts of the world such as East Central Europe. Should Russia resume dumping of nuclear waste and other pollutants into the oceans, *tensions with neighboring countries concerned about their fisheries (the Scandinavian countries, Japan, etc.), could increase, and the US might be drawn in.*

*Nuclear waste issues can also complicate US-Russian relations. A current example of this is the pressure on Clinton to challenge Yel'tsin at the Moscow summit about both the Bellona report on Russian nuclear waste storage problems in the Arctic, released on the eve of the summit, and the continued detention of Alexander Nitkin.*

Our classified imaging satellites can provide insight into a broad range of environmental issues in Russia and elsewhere. Of particular value is the ability to examine archived imagery and compare it with current imagery to gain a unique historical perspective on the changing environmental situation. The Intelligence Community also monitors environmental pollution such as waste dumping and adherence to environmental treaties.

An example of how our national security assets have monitored pollutants in Russia directly and have determined their potential impact on other regions is the Komi oil spill. In the Fall of 1995, 100,000 tons of crude were spilled in the Komi Republic--an amount nearly three times the size of the Exxon Valdez disaster. International concern was raised that the spilled oil might make it into nearby rivers that feed into the Barents Sea, polluting the

Environmental Devastation in Russia

Arctic. The Intelligence Community worked together with the MEDEA scientists--prominent US environmental scientists who use our most advanced reconnaissance satellites and Navy systems--to determine the risk to the Arctic. The assessment, which concluded that the spill posed little risk outside the immediate area, demonstrates the ability of national security systems to provide detailed information for characterizing and monitoring a pollutant.

Human intelligence and open source information can also be used to gather Russian data on past and current environmental accidents, dumping incidents, etc.

Other methods that the Intelligence Community can use to monitor the situation in Russia and its environs can be provided in classified form.

### Environmental Devastation in Russia

**QUESTION 44:** Recently, there has been increasing concern regarding the environmental devastation in Russia, particularly pollution caused by the Russian nuclear complex in northern Russia.

b) Please describe the joint US Russian environment program. What will be the benefits of this program to the U.S.? To Russia?

**ANSWER:** The US/Russian environment program encompasses the following projects:

#### ARCTIC OCEAN CLIMATOLOGY

As part of our Arctic Ocean Climatology project, the Russians have agreed to make available 50 years of their previously restricted Arctic Ocean data. Four electronic atlases will be produced and distributed on CD-ROM electronic atlases. These include winter and summer season hydrographic measurements, sea ice cover, and arctic meteorology. The Russian collection of such data is critical, as they possess over 85% of the world's archived measurements of the Arctic Ocean. Moreover, as part of this activity, the US Navy has agreed to publicly release, for the first time, their SALARGOS buoy data, and it will be included as part of the atlases.

The goal of the Arctic Ocean Climatology Project is to determine the utility of national security data sets for improved understanding of Arctic climatology and then use this information to validate General Circulation Models (GCMs) and global carbon cycle models at high latitudes. Also, these data will be critical for our understanding of the effects of Russian ocean dumping--specifically, Russian temperature, salinity, ocean circulation, and sea ice data is essential to determine the contaminant transport pathways and to accurately model contaminant movement.

#### GLOBAL ENVIRONMENTAL DISASTER MONITORING

Despite recent technological advances (weather radar, satellites, etc.), natural disaster losses continue to climb worldwide. During the last five years, volcanic eruptions, fires, floods, famines, and other natural and human-made environmental disasters (such as oil spills) have claimed more than 3,000 lives in the United States and Russia, and at least 350,000 worldwide. Damage and property losses have exceeded \$100 billion in the US. alone. Although many of these disasters remain poorly understood and cannot be predicted, in the US it has been shown that post-event damage assessment and relief efforts can be improved using high resolution remote sensing data.

### Environmental Devastation in Russia

The Global Environmental Disaster Monitoring Project provides a unique forum for US and Russian specialists to assess the utility of combining both country's civil and national security capabilities to provide value-added information for assessment of natural disasters. This effort consists of several components including: (1) an initial assessment of the capabilities of Russian and US national security data systems to provide unclassified derived products through evaluation of selected historic disasters--the assessment of historic disasters will provide essential insights into how each country utilizes national security data sources to develop and distribute disaster-related derived products and to establish mutual confidence in joint disaster assessment; (2) joint investigation of the value of establishing a modern video and teleconferencing communications link between Moscow and Washington, and of creating Disaster Information networks in the US and Russia to facilitate exchange and distribution of disaster-related information products, and (3) joint investigation of areas of potential or evolving disaster events, including floods, severe weather systems, volcanic eruptions, and coastal pollution.

#### MILITARY BASE CLEAN-UP

As part of the Military Base Clean-Up Project, the US and Russia exchanged derived products produced from both country's national security satellite archives of a military base on each other's territory. This was the first time such derived product information was exchanged between the US and Russia.

US and Russian environmental and military experts jointly selected sites in each other's country and a single site in each country was selected for study (Eglin Air Force Base in Florida was evaluated by the Russians and Yeysk Airfield in Southern Russia was evaluated by the US). US and Russian experts agreed that each site would be characterized over the periods 1970-1979, 1980-1989, and 1990-1995, from both countries' military satellite archives. Specific products were identified and ultimately exchanged at the January 1996 US-Russian Joint Commission on Economic and Technological Cooperation. The products consisted of site characterization maps which indicated the nature of the activities at each base as well as evidence of potential environmental contamination. For example, evidence of oil and other petrochemical spills were noted at both sites.

The end of the Cold War has forced both Russia and the United States to face the challenging task of environmental remediation of military bases which are being phased out. As military bases in each country are being de-commissioned and converted to other uses, the bases leave behind substantial environmental problems. Due to their strategic importance,

### Environmental Devastation in Russia

these sites were under periodic surveillance by national security satellite systems of the other country. These unique observations provide a potential time record which could pinpoint specific areas needing attention. US and Russian specialists are studying the data to determine their usefulness for planned or on-going remediation efforts at the two sites. More broadly, the joint experiences gained by this project will demonstrate the utility and efficacy of using remote sensing data, including data derived from national security acquisition systems, for defense facility characterization and risk analysis.

#### JOINT-US/RUSSIAN OCEANOGRAPHIC SURVEY SEA OF OKHOTSK

With this program, we will conduct the first-ever US/Russian joint military oceanographic survey. The joint survey will take place in the sea of Okhotsk. Objectives include gaining a better understanding of the Russian Navy's techniques of data collection, processing and archiving, a demonstration of the efficacy of joint military surveys, and a better understanding of the littoral areas of the Sea of Okhotsk. Survey measurements include temperature, salinity, currents, optical properties, atmospheric conditions near the air-sea interface, bathymetry, and 3.5 kHz definition of sub-bottom profile.

The Russian and United States Navies hold the world's two largest sets of ocean observations and measurements, and the sharing of this information would benefit both countries. Unlike many environmental phenomena measurements, oceanographic surveys are time-consuming and costly due to sampling requirement and high operating costs. These measurements are further complicated by the continuing need for large volumes of data and environmental samples over time, for example, to characterize seasonal changes. Much of the data relevant to our understanding of important oceanographic and atmospheric phenomena, that is held by the US Navy and nearly all of the data held by the Russian Navy has never been released. By sharing certain previously inaccessible data sets, besides the value to our Navy, immediate benefits could be realized by scientists studying ocean circulation and global climate.

#### LAND USE/FORESTRY

US and Russia are discussing several Land Use/Forestry Projects to explore and validate the value both countries' national security satellite systems can bring to forestry issues. The first is a joint study of far northern forests. The US would utilize archived classified satellite data to study a Russian forest while the Russians, in a parallel



### Environmental Devastation in Russia

effort, would study an Alaskan forest site. The scientific objective is to investigate changes over time in the boundary between the boreal forest and the treeless tundra. This boundary is believed to be a sensitive indicator of global change. The data will also permit study of the fire characteristics of these regions over time.

A second effort addresses forest health issues using archived national security data to determine forest health characteristics of a number of sites in Russia and the US. Several of these sites are parks which have been subjected to different pollution sources for a number of years.

A third area under consideration relates to sustainable natural resource development in the Russian Far East. The US, Russia, and several non-governmental organizations have large, on-going projects underway to preserve and manage the highly biodiverse ecology of the region, and several possible projects which could benefit from archived satellite data are being examined.

### OIL AND GAS ACTIVITIES IN ARCTIC AND SUBARCTIC REGIONS

The goal of the "Oil and Gas Activities in Arctic and Subarctic Regions Project" is to enhance our understanding of the environmental impact of oil and gas exploration and extraction in Arctic and Subarctic regions; to demonstrate the contribution that national security data sets can make in assessing the environmental impact of energy development on Arctic and Subarctic ecosystems; and to support US efforts to develop Russian energy markets and to assist Russia in improving its current complex oil/gas environmental regulations and laws. US and Russian experts have identified three test sites for study. These include Prudhoe Bay in Alaska, and the Timan-Pechora and Priobskoe oil/gas development fields available by the Russians as part of an international database, available to energy developers, the world scientific community, and those in government with policy-making or in north central Russia/Siberia. Unique Russian permafrost data (including comparative statistical characterization of properties for key permafrost terrains) will be made regulatory responsibilities. A US-Russian Geographical Information System (GIS) will be developed which will contain key data associated with energy development in the Arctic. This GIS will contain data from open sources as well as data derived from both country's national security satellite systems.

Intelligence Sharing

QUESTION 45: Certainly when it comes to technical capability, we hear it said that the US intelligence capabilities are second to none, and that the US spends far more on intelligence gathering and analysis than any other country in the world. Is this accurate? We also hear that we share a great deal of this intelligence on a bilateral basis with other countries. Overall, are you satisfied with these arrangements in terms of what we get in return? If we cut back our capabilities, would other countries be forced to do more? Should we be getting our friends and allies to shoulder more of the responsibility in this area?

ANSWER: The US has the most extensive intelligence resources in the world, and we therefore often give more than we receive when sharing intelligence on a bilateral basis with other countries.

Although they can sometimes help fill critical gaps in US coverage of issues and events, the importance of these arrangements to the US extends beyond intelligence sharing.

- The arrangements often reinforce bilateral diplomatic, and security objectives.
- Burden-sharing by allies provides expertise and production assistance in times of budgetary concerns.
- Intelligence we provide other countries helps them better understand the US perspective of world events.

We need to continually manage these arrangements to ensure that the US is receiving the overall net benefit, to avoid excessive dependence on any one ally, and to remain alert for diverging national interests.

Maintenance of Diverse Area and Language Skills

QUESTION 46: What programs and/or procedures have you developed to ensure you maintain an adequate and appropriate area expert/linguist core to fulfill your collection and analysis requirement in increasingly diverse geographic and topical areas of responsibility worldwide? Expand on current career management, skills maintenance and enhancement programs, and career paths for both civilian and military personnel. Also address how the needs of the entire Intelligence Community are coordinated and deconflicted to maximize resource and effectively address requirements with the highest priority.

ANSWER: The response to this question is classified and is found in a separate enclosure.



United States Department of State

Washington, D.C. 20520

May 23, 1996

Dear Mr. Chairman:

Following the February 22, 1996 hearing at which Assistant Secretary of Toby T. Gati testified, additional questions were submitted for the record. Please find enclosed the responses to those questions.

If we can be of further assistance to you, please do not hesitate to contact us.

Sincerely,

*Barbara Larkin*

Barbara Larkin  
Acting Assistant Secretary  
Legislative Affairs

Enclosures:  
As stated.

The Honorable  
Arlen Specter, Chairman,  
Select Committee on Intelligence,  
United States Senate.

UNCLASSIFIED#1 CHINA AND TAIWAN

Q. Over the past year the regime in Beijing has become increasingly intolerant of what it perceives as Taiwanese efforts to move toward independence.

a) How would you characterize the threat posed by the current tensions between Beijing and Taipei? What is the probability that these tensions will lead to conflict? What is the range of military options open to the PRC and what is its most likely course of action? Has the threat of confrontation between the PRC and Taiwan replace North Korea as the number one security issue in Asia?

b) How does the leadership in Beijing interpret actions in the US, particularly the granting of a visa to Taiwanese President Lee Teng-hui last year?

c) As the PRC continues to use intimidation, sympathy in the US for Taiwan's position gains strength. Do the leaders in Beijing understand that by taking a belligerent stand towards Taiwan, they are strengthening Taiwan's position in Washington? Do the Taiwanese understand the limits of US support?

A: WE ASSESS THE THREAT TO REGIONAL SECURITY POSED BY RECENT TENSIONS IN THE TAIWAN STRAIT TO BE LOW. THOUGH BEIJING WILL NOT ADMIT IT PUBLICLY, THE LEADERSHIP MUST HAVE CONCLUDED THAT ITS MILITARY EXERCISES ALONG THE TAIWAN STRAIT--AIMED PARTLY AT INFLUENCING THE OUTCOME OF TAIWAN'S MARCH 23 PRESIDENTIAL ELECTION AND PARTLY AT SHAPING POST-ELECTION POLICY--HAD MIXED RESULTS AT BEST OR WERE EVEN COUNTER-PRODUCTIVE. PRESIDENT LEE RECEIVED A HIGHER PERCENTAGE OF THE VOTE THAN EXPECTED AND THE PROVOCATIVE MISSILE FIRINGS TARNISHED BEIJING'S IMAGE INTERNATIONALLY AND IN TAIWAN, WHERE PUBLIC OPINION FAVORING REUNIFICATION IS AT AN ALL-TIME LOW.

THE STATE OF READINESS ACHIEVED IN THE EXERCISES GAVE CHINA

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THE CAPABILITY TO CONDUCT LIMITED HOSTILE ACTIONS AGAINST TAIWAN UP TO AND INCLUDING SEIZURE OF ONE OR MORE LIGHTLY DEFENDED TAIWAN-HELD OFFSHORE ISLETS. WE JUDGED THE PROBABILITY OF SUCH AN ATTACK TO BE VERY LOW DURING THE EXERCISE, EVEN BEFORE THE DEPLOYMENT OF THE TWO US CARRIER BATTLE GROUPS TO THE REGION.

THE PROBABILITY THAT BEIJING WOULD INITIATE HOSTILE MILITARY ACTION AGAINST TAIWAN DEPENDS LESS ON BEIJING'S MILITARY CAPABILITIES THAN IT DOES ON ACTIONS TAKEN BY TAIWAN AUTHORITIES. ALTHOUGH BEIJING CURRENTLY LACKS THE SEALIFT CAPABILITY NECESSARY TO CARRY OUT AN INVASION OF TAIWAN, IF TAIWAN WERE TO DECLARE ITSELF INDEPENDENT TODAY, WE WOULD CONSIDER THE PROBABILITY OF A HOSTILE CHINESE REACTION TO BE HIGH. ON THE OTHER HAND, EVEN IF BEIJING DEVELOPS THE CAPABILITY TO INVADE TAIWAN BUT PROGRESS IN THE CROSS-STRAIT DIALOGUE IS GOOD, WE WOULD CONSIDER THE PROBABILITY OF CHINESE MILITARY ACTION TO BE EXTREMELY LOW.

THE LEADERSHIP IN BEIJING HAS VACILLATED IN RECENT YEARS IN ITS ASSESSMENT OF US INTENTIONS TOWARD CHINA AND OF US GLOBAL STRENGTH AND INFLUENCE. AFTER MUCH DEBATE OVER WHETHER THE US SEEKS TO CONTAIN CHINA, THE CURRENT CONSENSUS--POST LEE TENG-HUI'S TRIP TO THE US--APPEARS TO BE THAT THE US HAS A "DUAL POLICY" OF ALTERNATELY PUTTING PRESSURE ON CHINA AND SEEKING

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COOPERATION WITH IT. BEIJING DOES NOT VIEW ITSELF AS COMPETING WITH TAIPEI FOR WASHINGTON'S AFFECTIONS AND WOULD BE WILLING TO SACRIFICE RELATIONS WITH THE US IN ORDER TO ADVANCE NATIONAL REUNIFICATION. BEIJING WOULD NOT VIEW A STRENGTHENING OF TAIWAN'S POSITION IN WASHINGTON AS PRIMARILY A RESULT OF ITS OWN INEPTITUDE, BUT RATHER AS THE PRODUCT OF TAIPEI'S INFLUENCE PEDDLING AND WASHINGTON'S INTENTION TO WEAKEN AND DIVIDE CHINA.

BEIJING MAY HAVE CONCLUDED THAT ITS SABER RATTLING WAS COUNTERPRODUCTIVE, BUT LEADERS PROBABLY ALSO HAVE THE LONG-TERM HOPE THAT THE "CRISIS" IN CROSS-STRAIT AND US-CHINA RELATIONS WILL SERVE AS A DETERRENT AGAINST FUTURE EFFORTS BY LEE TENG-HUI TO ENHANCE TAIWAN'S SEPARATE STATUS. TAIPEI CAREFULLY MONITORS THE LEVEL OF SUPPORT IT ENJOYS IN THE US.

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UNCLASSIFIED#2 CHINESE SUCCESSION

Q. Deng Xiaoping has been out of the picture for over a year, but rivals for power have been reluctant to be too assertive as long as he is still alive.

a) How far along is the transition of power in Beijing? Is the succession struggle basically settled with President Ziang Zemin having solidified his position as some have claimed? Has the military gained or lost influence in this process?

b) Can we expect the Chinese leadership to stay the course on most policies until Deng passes from the scene? When the succession is complete, do we expect any dramatic changes in our relations with Beijing or in any other Chinese policies?

A. THE SUCCESSION IS IN A STATE OF SUSPENDED ANIMATION PENDING THE DEATH OF DENG. JIANG ZEMIN WILL LIKELY REMAIN FIRST AMONG EQUALS ATOP THE CURRENT LEADERSHIP FOR AT LEAST A "DECENT INTERVAL" AFTER DENG'S PASSING. MAINTAINING STABILITY IS THE TOP PRIORITY OF THE COLLECTIVE LEADERSHIP. THE PEOPLE'S LIBERATION ARMY AND THE PEOPLE'S ARMED POLICE PLAY A KEY ROLE IN MAINTAINING STABILITY, SO NATURALLY THE MILITARY'S INFLUENCE WITHIN THE LEADERSHIP HAS INCREASED. THE HISTORICALLY CLOSE RELATIONSHIP BETWEEN THE PARTY AND THE ARMY GIVE THE PLA A "VETO" OF SORTS OVER ANY SUCCESSOR IT DEEMS INCAPABLE OF DEFENDING THE INTERESTS OF THE REGIME. THE PROVOCATIVE USE OF MISSILES IN MARCH HAS APPARENTLY NOT SPOILED THE REPUTATION OF EITHER THE PLA OR ITS COMMANDERS.

THE CURRENT LEADERSHIP IS LIKELY TO CONTINUE TO OBJECT TO U.S. COMPLAINTS ABOUT PROLIFERATION AND HUMAN RIGHTS ABUSES, TO BE DELINQUENT IN RESPONDING TO TRADE COMPLAINTS, AND

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TO BE EXTREMELY PROTECTIVE OVER ISSUES IT DEFINES IN TERMS OF "SOVEREIGNTY." BEIJING WISHES TO KEEP BILATERAL RELATIONS FROM BACKSLIDING, HOWEVER, AND WILL AGREE TO WORK TOGETHER IN SOME OF THE AREAS OR ON OTHER LESS CONTENTIOUS, NON-SENSITIVE AREAS SUCH AS SUSTAINABLE DEVELOPMENT AND THE ENVIRONMENT.

IF THERE IS A PROTRACTED SUCCESSION STRUGGLE, DIFFERENCES WITHIN THE LEADERSHIP OVER DOMESTIC ECONOMIC POLICY OR EFFORTS TO CONTROL CRIME, CORRUPTION, OR SOCIAL UNREST WOULD BE THE MOST LIKELY CATALYSTS FOR CHANGE.

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QUESTION FOR THE RECORD SUBMITTED TO TOBY T. GATI  
SENATE SELECT COMMITTEE ON INTELLIGENCE  
FEBRUARY 22, 1996

#3 CHINESE PROLIFERATION

Q. 3) In 1991 China agreed to abide by the provisions of the Missile Technology Control Regime in order to get out of sanctions applied as a result of a transfer of missile technology to Pakistan. Last year Secretary of State Christopher said publicly that there was a large body of evidence that China had sold M-11 missiles to Pakistan. Now there are reports of China selling missiles to Iran and transferring nuclear weapons technology to Pakistan.

a) Could you elaborate on the nature and extent of China's assistance to Iran and Pakistan? Do you believe that this assistance could raise compliance concerns with China's commitment to the NPT and the MTCR? How likely is it that China will adhere to the Chemical Weapons Convention (CWC)?

A. IRAN NUCLEAR. CHINA HAS PLAYED AN ACTIVE ROLE IN IRAN'S CIVIL NUCLEAR PROGRAM SINCE 1985 AND IS ENGAGED IN A NUMBER OF PROJECTS THERE. CHINESE SALES OF NUCLEAR FACILITIES TO IRAN-- SMALL RESEARCH REACTORS AND OTHER RELATED FACILITIES--HAVE BEEN MADE PURSUANT TO IAEA SAFEGUARDS. CHINA HAD PLANNED TO SELL IRAN TWO SMALL NUCLEAR POWER REACTORS, BUT EXPLAINED TO THE U.S. LAST FALL THAT THE DEAL HAD BEEN SUSPENDED DUE TO DIFFICULTIES IN SITE SELECTION AS WELL AS IRAN'S CONTRACT WITH RUSSIA TO PURCHASE AT LEAST ONE LARGE NUCLEAR POWER REACTOR.

WE DO NOT BELIEVE CHINA WOULD KNOWINGLY ASSIST IRAN TO ACQUIRE NUCLEAR WEAPONS. WE HAVE URGED CHINA, AS WELL AS ALL OTHER POTENTIAL NUCLEAR SUPPLIERS, TO REFRAIN FROM ANY NUCLEAR COOPERATION WITH IRAN GIVEN OUR JUDGMENT THAT IRAN IS PURSUING

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A NUCLEAR WEAPONS PROGRAM. WE HAVE NOTED THAT ANY COOPERATION WITH IRAN, EVEN THAT WHICH HAS NO DIRECT WEAPONS APPLICATIONS, WILL MATERIALLY ENHANCE IRAN'S CURRENTLY LIMITED NUCLEAR CAPABILITIES. WE HAVE STRESSED THAT IRAN CANNOT BE TRUSTED TO ABIDE BY ITS COMMITMENTS UNDER THE NPT.

PAKISTAN NUCLEAR. CHINA IS PROVIDING ASSISTANCE TO PAKISTAN'S CIVILIAN NUCLEAR PROGRAM THROUGH CONSTRUCTION OF A NUCLEAR POWER REACTOR THAT WILL BE SUBJECT TO IAEA SAFEGUARDS. BUT, CHINA ALSO IS INVOLVED IN COOPERATION WITH PAKISTAN'S UNSAFEGUARDED NUCLEAR PROGRAM IN AREAS THAT RAISE CONCERN.

PRIOR TO CHINA'S NPT ACCESSION IN MARCH 1992, THE U.S. HAD CONCLUDED THAT CHINA HAD ASSISTED PAKISTAN IN DEVELOPING NUCLEAR EXPLOSIVES. BY JOINING THE NPT, CHINA MADE A BINDING INTERNATIONAL COMMITMENT NOT TO ASSIST ANY NON-NUCLEAR WEAPON STATE TO ACQUIRE OR TO DEVELOP NUCLEAR EXPLOSIVES AND UNDERTOOK TO REQUIRE IAEA SAFEGUARDS ON CERTAIN OF ITS NUCLEAR EXPORTS. UNDER THE TREATY, THERE ARE ONLY FIVE RECOGNIZED NUCLEAR WEAPON STATES--THE U.S., THE U.K., FRANCE, CHINA AND THE SOVIET UNION (NOW THE RUSSIAN FEDERATION).

WE ARE CLOSELY MONITORING CHINESE BEHAVIOR FOR ANY SIGNS THAT BEIJING IS NOT LIVING UP TO ITS INTERNATIONAL OBLIGATIONS. THE TRANSFER FROM LATE 1994 TO MID-1995 OF A LARGE NUMBER OF

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SPECIALIZED PARTS-- RING MAGNETS--TO PAKISTAN FOR USE IN ITS UNSAFEGUARDED URANIUM ENRICHMENT PROGRAM IN ADDITION TO OTHER SPECIFIC FORMS OF COOPERATION RAISE QUESTIONS ABOUT CHINESE COMPLIANCE WITH ITS STATED NON-PROLIFERATION POLICY. WITH RESPECT TO THE RING MAGNETS, ALTHOUGH THEY THEMSELVES ARE NOT INTERNATIONALLY CONTROLLED ITEMS, THEY ARE THE PRINCIPAL COMPONENT OF AN ITEM--MAGNETIC SUSPENSION BEARINGS--THAT ARE CONTROLLED BECAUSE IT IS NECESSARY FOR THE PRODUCTION OF URANIUM ENRICHMENT CENTRIFUGES.

IN THE 1995 ANNUAL ARMS CONTROL COMPLIANCE REPORT (THE SO-CALLED PELL REPORT), THE ADMINISTRATION STATED THAT, BASED ON BEIJING'S LONGSTANDING NUCLEAR TIES WITH ISLAMABAD, IT WAS UNCLEAR WHETHER BEIJING HAD BROKEN OFF ITS CONTACTS WITH ELEMENTS ASSOCIATED WITH PAKISTAN'S NUCLEAR WEAPONS PROGRAM. WE HAVE CONTINUING CONCERNS IN THIS REGARD, DEALING WITH TRANSFERS TO PAKISTAN'S UNSAFEGUARDED NUCLEAR FACILITIES. IN ADDITION, WE HAVE CONCERNS ABOUT OTHER TYPES OF INTERACTIONS BETWEEN CHINA AND PAKISTAN DEALING BOTH WITH WEAPONS COOPERATION AND PRODUCTION OF OTHER UNSAFEGUARDED SPECIAL NUCLEAR MATERIALS. WE HAVE MADE OUR CONCERNS KNOWN TO THE CHINESE GOVERNMENT.

PAKISTAN MISSILES. WE TAKE ALL REPORTS OF ALLEGED PROLIFERATION CONCERN VERY SERIOUSLY, AND EXAMINE CLOSELY ANY

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REPORTS ON CHINESE MISSILE-RELATED ASSISTANCE TO PAKISTAN. IN AUGUST 1993 WE IMPOSED CATEGORY II MISSILE SANCTIONS ON CHINA FOR ITS TRANSFER OF MISSILE-RELATED ITEMS TO PAKISTAN. THE ADMINISTRATION ALSO IMPOSED SANCTIONS ON PAKISTAN IN THIS REGARD. THE ADMINISTRATION HAS NOT DETERMINED THAT CHINA HAS SUPPLIED M-11S TO PAKISTAN.

IRAN MISSILES. WE TAKE ALL REPORTS OF ALLEGED PROLIFERATION CONCERN VERY SERIOUSLY, AND EXAMINE CLOSELY ANY REPORTS ON CHINESE MISSILE-RELATED ASSISTANCE TO IRAN. WE CONTINUALLY MONITOR AND EVALUATE REPORTS OF ANY TRANSFERS THAT COULD CONTRIBUTE TO MISSILE PROGRAMS OF CONCERN.

NPT COMPLIANCE. THE U.S. OBJECTS TO ANY TRANSFERS FROM CHINA TO PAKISTAN OR ANY OTHER NON-NUCLEAR WEAPON STATE THAT WOULD CONTRAVENE CHINA'S NPT OBLIGATIONS AND COULD HELP THAT COUNTRY IN THE DEVELOPMENT OF NUCLEAR WEAPONS.

AT THIS POINT, THE U.S. HAS NOT DETERMINED THAT CHINA HAS VIOLATED THE NPT, OR THAT IT HAS ENGAGED IN ACTIVITIES THAT WOULD TRIGGER SANCTIONS UNDER U.S. LEGISLATION.

WITH RESPECT TO CURRENT CONCERNS ABOUT CHINESE INVOLVEMENT IN PAKISTAN'S NUCLEAR PROGRAM, A POTENTIAL FINDING THAT A SPECIFIC CHINESE ENTITY SENT RING MAGNETS TO PAKISTAN AND

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ENGAGED IN OTHER TYPES OF COOPERATION WITH PAKISTAN'S UNSAFEGUARDED NUCLEAR FACILITIES WOULD RAISE LEGALLY DISTINCT ISSUES FROM A FINDING THAT CHINA HAD VIOLATED ITS NPT OBLIGATIONS.

SUCH A FINDING ON THE RING MAGNET ISSUE, IF MADE, WOULD OBVIOUSLY RAISE QUESTIONS ABOUT CHINA'S NPT COMPLIANCE, AND WHETHER CHINA'S ACTIONS UNDERMINE THE NPT. BUT WE HAVE NOT REACHED THE CONCLUSION THAT CHINA HAS FAILED TO FULFILL ITS NPT OBLIGATIONS. WE SEEK TO WORK WITH CHINA TO RESOLVE OUR CONCERNS ABOUT CHINESE NUCLEAR COOPERATION WITH THIRD COUNTRIES, INCLUDING PAKISTAN.

MTCR COMPLIANCE. IN OCTOBER 1994 WE NEGOTIATED WITH CHINA A JOINT STATEMENT ON MISSILE NONPROLIFERATION IN WHICH CHINA REAFFIRMED ITS 1991 COMMITMENT TO OBSERVE THE GUIDELINES AND PARAMETERS OF THE MISSILE TECHNOLOGY CONTROL REGIME (MTCR) AND AGREED TO BAN ALL EXPORTS OF MTCR-CLASS GROUND-TO-GROUND MISSILES. WE HAVE NOT DETERMINED THAT CHINA HAS CONDUCTED ACTIVITIES INCONSISTENT WITH ITS OCTOBER 1994 COMMITMENTS.

CWC ADHERENCE. WE BELIEVE THAT CHINA WILL RATIFY THE CHEMICAL WEAPONS CONVENTION (CWC). BEIJING WAS AN ACTIVE PARTICIPANT DURING NEGOTIATIONS IN GENEVA AND CURRENTLY IS ACTIVE IN THE CWC PREPCOM IN THE HAGUE. CHINA SIGNED THE CONVENTION WHEN IT

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WAS FIRST OPENED FOR SIGNATURE IN PARIS IN JANUARY 1993. CHINA HAS INDICATED THAT IT WILL SUBMIT THE CONVENTION TO ITS LEGISLATURE FOR APPROVAL IN THE FIRST HALF OF 1996.

THE PRC REALIZES IT IS IN ITS INTERESTS TO RATIFY THE CWC. THE CONVENTION WILL ENHANCE CHINA'S SECURITY BY REDUCING THE GLOBAL THREAT OF CHEMICAL WEAPONS. PARTICIPATING IN CWC REGIME WILL PERMIT CHINA TO TAKE AN INTERNATIONAL LEADERSHIP ROLE IN IMPLEMENTING THE CONVENTION. AND FINALLY, MEMBERSHIP IN THE CONVENTION WILL INSURE THAT CHINA IS NOT SUBJECT TO CWC-MANDATED RESTRICTIONS ON TRADE IN CERTAIN CHEMICALS WITH NON-STATES PARTIES.

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QUESTION FOR THE RECORD SUBMITTED TO TOBY T. GATI  
SENATE SELECT COMMITTEE ON INTELLIGENCE  
FEBRUARY 22, 1996CHINESE PROLIFERATION

Q. 3) In 1991 China agreed to abide by the provisions of the Missile Technology Control Regime in order to get out of sanctions applied as a result of a transfer of missile technology to Pakistan. Last year Secretary of State Christopher said publicly that there was a large body of evidence that China had sold M-11 missiles to Pakistan. Now there are reports of China selling missiles to Iran and transferring nuclear weapons technology to Pakistan.

b) What is the likelihood that sanctions against China--or Pakistan--will modify their behavior?

A. IN IMPLEMENTING OUR SANCTIONS LAWS, THE ADMINISTRATION DOES NOT CONSIDER THE EFFECT OF SANCTIONS AS A FACTOR THAT MAY BE TAKEN INTO ACCOUNT IN DECIDING WHETHER SANCTIONABLE ACTIVITY HAS OCCURRED. (TO THE EXTENT THAT SANCTIONS WOULD AFFECT NATIONAL SECURITY INTERESTS, THE EFFECT OF SANCTIONS MAY BE TAKEN INTO ACCOUNT IN DETERMINING WHETHER A WAIVER OF SANCTIONS IS WARRANTED.)

THAT SAID, WE BELIEVE THAT IF SANCTIONS WERE IMPOSED AGAINST CHINA, THE CHINESE LEADERSHIP WOULD LIKELY RETALIATE, POSSIBLY TO INCLUDE COUNTER-SANCTIONS THAT WOULD TARGET, INTER ALIA, U.S. ECONOMIC INTERESTS. BEIJING BELIEVES IT CAN EASILY REPLACE THE U.S. AS A TRADING PARTNER; THE ALLURE OF THE CHINA MARKET WOULD BE TOO GREAT FOR OUR EU AND JAPANESE COMPETITORS

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TO RESIST. EVEN IF CHINA WERE TO FEEL THE PAIN OF U.S. ECONOMIC SANCTIONS, NO CHINESE OFFICIAL WOULD RISK HAVING HIS PATRIOTIC CREDENTIALS QUESTIONED BY SUGGESTING THAT CHINA GAVE IN TO U.S. PRESSURE.

WITH RESPECT TO PAKISTAN, SANCTIONS WOULD BE UNLIKELY TO HAVE A SIGNIFICANT IMPACT ON PAKISTANI BEHAVIOR. THE PAKISTANI GOVERNMENT CONSIDERS ITS MILITARY PROGRAMS ESSENTIAL TO ITS NATIONAL SECURITY.

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4. CHINESE ECONOMIC ISSUES

- Q. The Administration has been considering the imposition of trade sanctions against China for pirating American movies, musical recordings, and software. Has the Intelligence Community contributed to our understanding of Chinese violations of intellectual property rights? Should intelligence collect this kind of information?
- A. THE INTELLIGENCE COMMUNITY HAS SUPPLIED RAW REPORTS AND ANALYSIS TO USTR AND THE STATE DEPARTMENT BUREAUS RESPONSIBLE FOR REACTING TO CHINESE IPR VIOLATIONS. THESE REPORTS HAVE PROVIDED A USEFUL SUPPLEMENT TO REPORTING FROM STATE DEPARTMENT POSTS IN CHINA. THE DEPARTMENT AND THE COMMUNITY CAST THEIR NETS WIDELY IN INVESTIGATING SUCH VIOLATIONS, AS DOES THE PRIVATE SECTOR. THE AREA IN WHICH THE INTELLIGENCE COMMUNITY CAN ADD THE MOST VALUE, I BELIEVE, IS THE ANALYSIS OF CENTRAL OR PROVINCIAL GOVERNMENT INTENTIONS AND KNOWLEDGE. EVIDENCE OF GOVERNMENT-SPONSORED OR -SANCTIONED IPR VIOLATIONS, WHEN UNCOVERED, PROBABLY HAS THE MOST SIGNIFICANT IMPLICATIONS FOR NOT ONLY OUR CORPORATIONS BUT ALSO OUR ENTIRE RELATIONSHIP WITH CHINA.

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UNCLASSIFIED#5 MONITORING THE NORTH KOREAN FRAMEWORK AGREEMENT

Q. In 1994, North Korea signed the nuclear framework agreement and promised to forgo further development of nuclear weapons in return for assistance from the US and others.

a) Has North Korea been living up to its commitments under the framework agreement? Do we expect continued compliance? Does the economic situation in North Korea make compliance more or less likely?

b) How high is your confidence that the US Intelligence Community can adequately monitor North Korea's compliance with the US-North Korean Framework Agreement? How significant are US intelligence collection shortfalls targeted against North Korea?

A. NORTH KOREA HAS BEEN LIVING UP TO ITS COMMITMENT UNDER THE AGREED FRAMEWORK. ITS NUCLEAR FACILITIES AT YONGBYON REMAIN FROZEN AND UNDER IAEA INSPECTION; IT HAS AGREED TO RESUME AD HOC AND ROUTINE INSPECTIONS BY THE IAEA OF ITS FACILITIES NOT COVERED UNDER THE FRAMEWORK FREEZE; IT IS COOPERATING IN CANNING THE SPENT FUEL FROM ITS NUCLEAR REACTOR; IT HAS ESTABLISHED A GOOD WORKING RELATIONSHIP WITH KEDO; AND IT IS DISCUSSING OTHER ISSUES OF CONCERN TO THE US, SUCH AS MIA REMAINS FROM THE KOREAN WAR. THE ONE AREA WHERE THE NORTH HAS MOVED SLOWLY IS IN REESTABLISHING INTER-KOREAN DIALOGUE.

THE NORTH KOREANS HAVE INDICATED IN A VARIETY OF WAYS THAT THEY SEE THE AGREED FRAMEWORK PROCESS IN THEIR INTEREST AND ARE PAINTING IT IN A POSITIVE LIGHT. AS LONG AS THEY TAKE THIS VIEW, WE EXPECT CONTINUED COMPLIANCE FROM THEM.

UP TO A POINT, WE BELIEVE THAT THE ECONOMIC SITUATION IN THE

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NORTH MAKES COMPLIANCE LIKELY. TO THE EXTENT THE NORTH SEES CONTINUING POSSIBILITIES OF IMPROVING ITS EXTERNAL ECONOMIC RELATIONS, WE BELIEVE IT IS MORE LIKELY TO FOLLOW THROUGH ON ITS COMMITMENTS UNDER THE AGREEMENT.

THE AGREED FRAMEWORK WAS CRAFTED SO THAT IT COULD BE ADEQUATELY MONITORED, AND WE HAVE HIGH CONFIDENCE IN THE ABILITY OF THE INTELLIGENCE COMMUNITY TO PERFORM THIS TASK. US INTELLIGENCE SHORTFALLS DO NOT INTERFERE WITH OUR ABILITY TO MONITOR COMPLIANCE PER SE.

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#6 INDIA AND PAKISTAN NUCLEAR PROGRAMS

- Q. 6) Press reports have indicated that India has made preparations to test a nuclear weapon. What is the likelihood that India will test a nuclear weapon this year? If it did so, what is the likelihood that Pakistan would respond with a nuclear test of its own? Would these nuclear tests lead to war between the two nations?
- A. WE WERE ENCOURAGED BY INDIAN FOREIGN MINISTER MUKHERJEE'S STATEMENT IN DECEMBER 1995 THAT INDIA HAD NO PLANS TO CONDUCT A NUCLEAR TEST.

PAKISTAN APPEARS TO HAVE PLANS TO TEST IN THE EVENT INDIA DOES SO FIRST. IN MARCH 1996, FOREIGN MINISTER ASSEF ALI TOLD THE PAKISTANI NATIONAL ASSEMBLY THAT "IF INDIA THINKS THAT BY TESTING THE NUCLEAR DEVICE IT CAN ESTABLISH ITS MANHOOD, THERE SHOULD BE NO DOUBT THAT PAKISTAN, TOO, HAS ITS MANHOOD."

WE FIND IT UNLIKELY THAT INDIAN AND/OR PAKISTANI NUCLEAR TESTS WOULD LEAD TO A WAR BETWEEN THE TWO NATIONS.

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UNCLASSIFIED#7 THE FUTURE OF THE IRANIAN REGIME

Q. What is the likelihood that the current Iranian regime will still be in power three years from now? Are sanctions likely to influence Iran's behavior over the next three years? Why or why not?

A. THE REGIME PROBABLY WILL BE IN POWER THREE YEARS FROM NOW. DESPITE SIGNS OF POPULAR DISCONTENT, THE GOVERNMENT REMAINS STABLE AND APPEARS TO BE IN NO DANGER OF COLLAPSE OR OVERTHROW WITHIN THAT TIME FRAME. U.S. SANCTIONS HAVE HAD A LIMITED IMPACT ON IRAN'S ECONOMY, BUT HAVE NOT SO FAR SUBSTANTIALLY ALTERED IRAN'S BEHAVIOR. THEIR EFFECT OVER THE NEXT THREE YEARS IS DIFFICULT TO PREDICT. SUCH FACTORS AS THE PRICE OF OIL AND THE DEGREE OF MULTILATERAL COOPERATION IN PESSURING IRAN WILL HAVE A MAJOR IMPACT IN THEIR EFFECTIVENESS. STEADFAST RESOLVE ON OUR PART, ALLOWING IRAN'S REGIME TO UNDERSTAND CLEARLY THAT ITS BEHAVIOR HAS CONSEQUENCES, WILL IMPROVE THE CHANCE OF INFLUENCING IRAN'S BEHAVIOR.

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UNCLASSIFIED#8 PLO SUCCESSION/PEACE PROCESS

Q. Who would be the likely successor to Yasser Arafat if he were removed from power and how would this impact the success of the peace process?

A. ARAFAT WAS ELECTED "RA'ES" OF THE EXECUTIVE AUTHORITY OF THE PALESTINIAN INTERIM SELF-GOVERNMENT AUTHORITY ON JANUARY 20, 1996. IF HE VACATES THAT POST DUE TO DEATH, RESIGNATION, OR LOSS OF LEGAL CAPACITY AHMAD QURAY (ALSO KNOWN AS ABU ALAA), THE NEWLY SELECTED SPEAKER OF THE PALESTINIAN COUNCIL (AN 88-SEAT BODY THAT WAS ALSO ELECTED ON JANUARY 20, 1996) TAKES OVER FOR NO MORE THAN 60 DAYS, WITHIN WHICH TIME ELECTIONS MUST BE HELD TO ELECT A NEW "RA'ES."

ARAFAT ALSO REMAINS CHAIRMAN OF THE PALESTINIAN LIBERATION ORGANIZATION (PLO). THERE IS NO FORMAL PROCEDURE FOR SELECTING A NEW PLO CHAIRMAN BUT THE PROCESS IS LIKELY TO BE BASED ON A CONSENSUS OF FATAH CENTRAL COUNCIL MEMBERS (FATAH IS ARAFAT'S FACTION AND DOMINATES THE PLO'S DECISION-MAKING BODIES).

ARAFAT'S PASSING WOULD HAVE A SIGNIFICANT EFFECT ON THE PEACE PROCESS BUT THE AGREEMENTS THAT HAVE BEEN SIGNED ESTABLISH INSTITUTIONS AND A FRAMEWORK WITHIN WHICH THE PALESTINIANS OPERATE AND WHICH LIKELY SUCCESSORS IN BOTH THE PA AND THE PLO WILL UPHOLD AND BUILD UPON.

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- Q. What is your assessment of the likely success of the peace process?
- A. THE ARAB-ISRAELI CONFLICT AS WE HAVE TRADITIONALLY DEFINED IT -- STATES OF WAR AND CONFLICT BETWEEN ISRAEL AND ITS NEIGHBORS AND ISRAEL AND THE ARAB WORLD -- IS COMING TO AN END. ALTHOUGH SYRIAN-ISRAELI AND LEBANESE-ISRAELI NEGOTIATIONS HAVE NOT YET LED TO PEACE AGREEMENTS, AND NEGOTIATIONS ON THE PERMANENT STATUS BETWEEN THE ISRAELIS AND THE PALESTINIANS WILL NOT BEGIN IN A MEANINGFUL WAY UNTIL AFTER THE MAY 29 ISRAELI ELECTION, IT SEEMS LIKELY THAT THE PROCESS THAT HAS BEEN LAUNCHED IS IRREVERSIBLE.

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- Q. Do you have any information suggesting that the PLO is still involved in terrorist activities?
- A. WE HAVE NO INFORMATION THAT ANY PLO ELEMENT UNDER ARAFAT'S CONTROL HAS BEEN INVOLVED IN TERRORISM. NOR DO WE HAVE ANY INFORMATION THAT THE PLO HAS PROVIDED FINANCIAL OR MATERIAL ASSISTANCE OR TRAINING TO ANY GROUP TO CARRY OUT ACTIONS INCONSISTENT WITH ITS PEACE PROCESS COMMITMENTS. PLO REJECTIONIST GROUPS SUCH AS THE PALESTINIAN FRONT FOR THE LIBERATION OF PALESTINE (PFLP) AND THE DEMOCRATIC FRONT FOR THE LIBERATION OF PALESTINE (DFLP) DO NOT PARTICIPATE IN PLO DECISION-MAKING AND ARE BEYOND ARAFAT'S POLITICAL AND PHYSICAL CONTROL. THESE GROUPS HAVE NO ROLE IN THE PLO AND THEY ACTIVELY SEEK TO UNDERMINE THE PALESTINIAN AUTHORITY AND DISRUPT THE ONGOING PEACE NEGOTIATIONS. STATEMENTS MADE BY LEADERS OF THESE FACTIONS DO NOT REFLECT OFFICIAL PLO POLICY.

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UNCLASSIFIED#9 PROSPECTS FOR SADDAM'S SURVIVAL

Q. What are the prospects for the survival of Saddam's regime for another year?

A. THE DEFECTION AND SUBSEQUENT KILLING OF LT. GENERAL HUSSEIN KAMIL AND HIS ASSOCIATES, FOLLOWED BY THE DEFECTION OF FORMER IRAQI CHIEF OF STAFF LT. GENERAL NIZAR AL-KHAZRAJI, SHOW THAT DISAFFECTION WITH SADDAM IS INTENSIFYING. IN ADDITION, SADDAM'S APPARENT DECISION TO REOPEN DISCUSSION OF UNSCR 986 WITH THE U.N. AFTER EARLIER STRIDENTLY REJECTING IT INDICATES THAT THE REGIME IS LOOKING FOR SOME RELIEF FROM THE PRESSURE CAUSED BY SANCTIONS.

DESPITE THESE SIGNS OF GROWING WEAKNESS, HOWEVER, SADDAM'S RUTHLESSNESS AND THE EFFECTIVENESS OF HIS NUMEROUS INTERNAL SECURITY ORGANS ACT AS STRONG DETERRENTS TO POTENTIAL CHALLENGERS.

THERE IS EVIDENCE THAT SANCTIONS ARE HAVING AN IMPACT ON THE IRAQI ELITE AND THE MILITARY AS WELL AS ON THE AVERAGE IRAQI CITIZEN. ACCEPTANCE OF UNSCR 986 WOULD WORK TO RELIEVE GROWING DISSATISFACTION IN SOME QUARTERS BUT WOULD REMOVE FROM SADDAM HIS ABILITY TO USE THE PLIGHT OF HIS PEOPLE TO HAVE SANCTIONS MODIFIED OR LIFTED. SADDAM HAS CATEGORICALLY REJECTED UNSCR 986 UNTIL NOW. HE HAS RAISED EXPECTATIONS BY SENDING A NEGOTIATING TEAM TO DISCUSSIONS WITH THE UN AND IF HE REJECTS IT NOW, PRESSURES ON HIS REGIME WILL INTENSIFY. EITHER WAY, SADDAM HUSSEIN IS A BRUTAL SURVIVOR, AND IT IS

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POSSIBLE THAT HE COULD STILL BE IN POWER A YEAR FROM NOW.

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Q. What would be the characteristics and policies of likely successors to Saddam?

A. SINCE THE IDENTITIES OF POSSIBLE SUCCESSORS TO SADDAM ARE UNKNOWN, WE CANNOT EASILY PREDICT IRAQ'S FUTURE POLICIES. ELEMENTS OF THE IRAQI MILITARY AND THE BAATH PARTY WOULD PROBABLY PLAY SIGNIFICANT ROLES. ONE WOULD HOPE THAT IRAQ'S NEW LEADERS WOULD SEEK RAPID REINTEGRATION INTO THE INTERNATIONAL COMMUNITY. THIS REINTEGRATION CAN ONLY BE ACHIEVED BY FULL COMPLIANCE WITH ALL SECURITY COUNCIL RESOLUTIONS STEMMING FROM IRAQ'S INVASION OF KUWAIT AND SERIOUS MOVES TOWARD INTERNAL RECONCILIATION, PARTICULARLY WITH DISAFFECTED KURDISH AND SHI'A ELEMENTS. PRESUMABLY, THE NEW REGIME WOULD ALSO SEEK TO REPAIR THE SERIOUS ECONOMIC DAMAGE IRAQ HAS SUFFERED AS A RESULT OF SADDAM'S POLICIES.

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Q. What are the chances that a successor regime to Saddam would be worse?

A. IT IS DIFFICULT TO IMAGINE A SUCCESSOR REGIME IN IRAQ THAT WOULD BE MORE TROUBLESOME TO THE INTERNATIONAL COMMUNITY THAN SADDAM HUSSEIN'S, ALTHOUGH SINCE THE 1958 PUTSCH, IRAQ HAS EXPERIENCED HIGHLY CENTRALIZED AND REPRESSIVE LEADERSHIP. SADDAM'S OVERTHROW COULD BE FOLLOWED BY A PERIOD OF INSTABILITY DURING WHICH VARIOUS ETHNIC, RELIGIOUS, AND MILITARY GROUPS WOULD COMPETE FOR POWER. A SUCCESSOR REGIME THAT TREATS THE IRAQI PEOPLE AS HARSHLY AS SADDAM WOULD LIKELY ENCOUNTER STRONG RESISTANCE, BOTH AT HOME AND ABROAD.

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- Q. Given the current fighting between Kurdish factions in northern Iraq at present, what are the prospects for Kurdish reintegration into Iraq after Saddam?
- A. A CEASEFIRE BETWEEN THE MAJOR KURDISH GROUPS HAS GENERALLY PREVAILED IN NORTHERN IRAQ SINCE LAST YEAR. KURDISH DEMOCRATIC PARTY LEADER BARZANI AND PATRIOTIC UNION OF KURDISTAN LEADER TALABANI HAVE BOTH RECENTLY RESTATED THEIR SUPPORT FOR U.S. EFFORTS TO MEDIATE A SETTLEMENT BETWEEN THEM IN THE PROCESS BEGUN AT DUBLIN LAST YEAR. BOTH LEADERS ALSO HOPE FOR EVENTUAL AUTONOMY WITHIN A UNITED IRAQ. THE PROSPECTS FOR THIS AUTONOMY DEPEND OF WHAT ACTIONS A NEW REGIME IN BAGHDAD TAKES TO PROMOTE A PROCESS OF NATIONAL RECONCILIATION. KURDISH GROUPS HAVE BEEN AT ODDS WITH EVERY REGIME IN BAGHDAD SINCE THE MONARCHY WAS OVERTHROWN IN 1958, AND THE PROSPECT OF RENEWED CONFLICT WILL REMAIN UNLESS ALL PARTIES WORK HARD TO ACHIEVE RECONCILIATION.

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UNCLASSIFIED#10 CUBA: CASTRO'S HOLD ON POWER

Q. Please assess the prospects for the Castro regime in Cuba.

(a) Are there any signs that his control is weakening? If so, what are they?

(b) What is the most likely scenario for leadership change in that country and what are the prospects for democratic rule resulting from such change?

A. THE REGIME GIVES EVERY APPEARANCE OF BEING IN FIRM CONTROL OF THE MILITARY AND SECURITY APPARATUS AND CONTINUES TO RELY ON SYSTEMATIC REPRESSION OF ALL POTENTIAL OPPOSITION. ON FEBRUARY 15, THE REGIME BEGAN A MASSIVE CRACKDOWN ON THE NASCENT HUMAN RIGHTS UMBRELLA ORGANIZATION, CONCILIO CUBANO. DUE TO THE LIMITED ECONOMIC MEASURES IT HAS IMPLEMENTED OVER THE PAST SEVERAL YEARS AND INCREASED FOREIGN INVESTMENT, THE GOVERNMENT APPEARS TO HAVE WEATHERED THE INITIAL IMPACT OF A DEVASTATING ECONOMIC CONTRACTION WHICH FOLLOWED THE BREAKUP OF THE SOVIET UNION. LONG-TERM PROSPECTS FOR ECONOMIC RECOVERY ARE SEVERELY CONSTRAINED, HOWEVER, BY THE LIMITS THE GOVERNMENT HAS PLACED ON ITS ECONOMIC PROGRAM IN ORDER TO ASSURE CONTINUED CONTROL AND BY THE CHILLING EFFECT ON FOREIGN INVESTMENT PROVIDED BY HELMS-BURTON LEGISLATION.

AT AGE 69, FIDEL CASTRO APPARENTLY REMAINS HEALTHY. HIS BROTHER, DEFENSE MINISTER RAUL CASTRO, LACKS FIDEL'S STANDING BOTH WITHIN THE REGIME AND AMONG THE PUBLIC. A POWER STRUGGLE BETWEEN HARD-LINERS AND REFORMERS, WITH THE MILITARY PLAYING A KEY ROLE, MIGHT ENSUE AFTER CASTRO'S DEATH OR SUDDEN

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DEPARTURE FROM THE SCENE. A DEMOCRATIC TRANSITION IS ONE POTENTIAL SCENARIO WHICH COULD EMERGE. U.S. POLICY CONTINUES TO BE TO ENCOURAGE A PEACEFUL TRANSITION TO DEMOCRACY.

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11. IMPACT OF ECONOMIC EMBARGO ON CUBA

Q. What impact is the U.S. embargo currently having on the Cuban economy? Is Russia in any way subsidizing trade with Cuba?

A. THE U.S. EMBARGO HAS HAMPERED CUBA'S ECONOMIC GROWTH AND FOREIGN TRADE POTENTIAL. CUBA'S FOREIGN INVESTMENT LAW INTRODUCED LAST YEAR DID TOO LITTLE TO REMOVE TIGHT GOVERNMENT CONTROL OVER THE ECONOMY, AND AS A RESULT, HAS NOT BROUGHT THE BOOM IN FOREIGN INVESTMENT CASTRO HAD HOPED WOULD FOLLOW. THE HELMS-BURTON LEGISLATION ADDS AN ADDITIONAL CONSTRAINT, DETERRING FOREIGN INVESTMENT IN CUBA BY MULTINATIONAL CORPORATIONS CONCERNED OVER THE LAW'S POTENTIAL IMPACT ON THEIR ASSETS IN THE U.S. SMALLER FOREIGN FIRMS, HOWEVER, CONTINUE TO SHOW INTEREST IN INVESTING IN CUBA, PRINCIPALLY IN THE TOURISM AND MINERALS SECTORS.

RUSSIA DOES NOT APPEAR TO BE SUBSIDIZING THE CUBAN ECONOMY TO ANY SIGNIFICANT DEGREE. SENIOR RUSSIAN TRADE OFFICIALS COMPLAINED IN 1994 THAT THE TERMS OF BARTER TRADE OF RUSSIAN OIL FOR CUBAN SUGAR FAVORED HAVANA. WHILE THE SUGAR-FOR-OIL SWAPS CONTINUE, THE TERMS APPEAR TO BE CLOSE TO OR AT COMPETITIVE EXCHANGE VALUES.

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#12 RUSSIA-CUBA RELATIONSHIP

Q. 12) What is the construction status of the Soviet-designed nuclear reactor at Juragua? What threat, if any, does completion of this reactor pose to the United States?

A. THE PLANT, WHICH WAS TO COMPRISE TWO REACTORS, REMAINS MOTHBALLED FOLLOWING SUSPENSION OF CONSTRUCTION IN SEPTEMBER 1992, WHEN HAVANA WAS UNABLE TO MEET MOSCOW'S NEW REQUIREMENT FOR PAYMENT IN HARD CURRENCY. TO DATE, HAVANA AND MOSCOW HAVE BEEN UNABLE TO SECURE THIRD-PARTY FINANCING WHICH WOULD BE NECESSARY TO COMPLETE THE PROJECT.

ESTIMATES HAVE VARIED AS TO THE COST OF COMPLETING BOTH REACTORS, BUT AT THE HIGH END THEY RANGE WELL OVER A BILLION DOLLARS, PERHAPS CLOSER TO TWO BILLION. WE UNDERSTAND, BASED UPON THE LATEST ESTIMATES, THAT COMPLETING UNIT 1 WOULD REQUIRE AN INVESTMENT OF AT LEAST \$600 MILLION, OF WHICH ABOUT \$300-400 MILLION WOULD HAVE TO BE RAISED FROM SOURCES OTHER THAN RUSSIA AND CUBA. THIS AMOUNT--WHICH ITSELF MAY BE A CONSERVATIVE ESTIMATE--WILL BE EXTREMELY HARD TO RAISE.

CIVIL CONSTRUCTION (E.G., FLOORS AND WALLS) OF THE FIRST REACTOR IS BELIEVED TO BE ABOUT 90-97% COMPLETE, BUT THIS UNIT IS NOWHERE NEAR COMPLETION. FOR EXAMPLE, WE UNDERSTAND THAT

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ONLY ABOUT 40% OF THE REACTOR EQUIPMENT (E.G., PIPES, PUMPS, AND MOTORS) HAS BEEN INSTALLED, AND UNIT 1'S INSTRUMENTATION AND CONTROL SYSTEM HAS NOT BEEN PURCHASED.

CONSTRUCTION OF THE SECOND UNIT IS AT A VERY EARLY STAGE: FOR EXAMPLE, CIVIL CONSTRUCTION IS ONLY ABOUT 20-30% COMPLETE.

THE USG HAS LONGSTANDING SAFETY CONCERNS REGARDING THE JURAGUA FACILITY. THE TWO REACTORS ARE THE SOVIET VVER-440 MODELS, WITH AN UNPROVEN CONTAINMENT SYSTEM. THE USG IS CONCERNED WITH CONSTRUCTION QUALITY, POTENTIAL OPERATING SAFETY, INFRASTRUCTURE SUPPORT, AND THE STATE OF THE EXISTING CONSTRUCTION, WHICH HAS BEEN EXPOSED AND LARGELY UNPROTECTED OVER THE LAST THREE YEARS. THE USG IS PARTICULARLY CONCERNED ABOUT OPERATIONAL SAFETY BECAUSE THE PLANT IS LOCATED ONLY 240 MILES SOUTH OF MIAMI.

THE ADMINISTRATION DOES NOT HAVE PROLIFERATION CONCERNS REGARDING THE CUBAN NUCLEAR PROGRAM. HOWEVER, IT FEELS STRONGLY THAT SALES OR ASSISTANCE TO THE PROGRAM SHOULD NOT BE PROVIDED UNTIL CUBA HAS UNDERTAKEN A LEGALLY BINDING NONPROLIFERATION COMMITMENT. WHILE THE GOC SIGNED THE TREATY OF TLAHELCO IN MARCH 1995, IT HAS NOT YET RATIFIED THE TREATY OR CONCLUDED THE FOLLOWING STEP, I.E., A FULL-SCOPE SAFEGUARDS AGREEMENT WITH THE IAEA.

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WE HAVE MADE KNOWN OUR SAFETY AND SAFEGUARDS-RELATED CONCERNS REPEATEDLY TO THE GOVERNMENTS OF COUNTRIES IN WHICH POTENTIAL SUPPLIERS ARE LOCATED, AND--EXCEPT FOR RUSSIA--HAVE GAINED ASSURANCE THAT LICENSES WILL NOT BE ISSUED FOR THE EXPORT TO CUBA OF EQUIPMENT UNTIL HAVANA HAS UNDERTAKEN A COMPREHENSIVE NUCLEAR SAFEGUARDS COMMITMENT. WE ALSO HAVE RELAYED REPEATEDLY OUR CONCERNS TO THE RUSSIAN GOVERNMENT AND ASKED THAT THE GOR NOT PARTICIPATE IN COMPLETING THE PLANT.

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#13 CUBA: FUTURE IMMIGRATION FROM CUBA

- Q. What threat do future immigration flows from Cuba to the United States pose for our country?
- A. THE SEPTEMBER 1994 AND THE MAY 2, 1995, MIGRATION ACCORDS WITH THE CUBAN GOVERNMENT HAVE BEEN EFFECTIVE IN DEALING WITH THIS PROBLEM. THE CUBAN GOVERNMENT HAS PUBLICLY AND PRIVATELY INDICATED CONTINUED ADHERENCE TO THE ACCORDS. WE SEE NO INDICATION AT PRESENT OF A CHANGE IN CUBAN POLICY OR OF ANOTHER MAJOR UPSURGE THAT WOULD POSE A SERIOUS CHALLENGE. WE CONTINUE TO MONITOR THIS SITUATION CLOSELY.

UNCLASSIFIED#14 HAITI: PROSPECTS FOR THE FUTURE

- Q. (14a) What are the prospects of the recently elected Preval government privatizing and revitalizing the Haitian economy?
- A. PRESIDENT PREVAL UNDERSTANDS HAITI'S DESPERATE NEED FOR ECONOMIC MODERNIZATION AND REVITALIZATION, THOUGH THERE IS WIDESPREAD CONCERN IN PARLIAMENT AND AMONG MANY POPULAR ORGANIZATIONS THAT PRIVATIZATION MAY NOT BENEFIT ORDINARY CITIZENS. WE ARE HOPEFUL PRESIDENT PREVAL WILL REACH AN AGREEMENT WITH THE INTERNATIONAL FINANCIAL INSTITUTIONS ALLOWING THEIR SUPPORT FOR THE HAITIAN ECONOMY TO CONTINUE.
- Q. (14b) Please assess the Haitian National Police (HNP) and its ability to maintain security following the departure of the multinational force.
- A. THE NEW HNP HAS ALREADY COME A LONG WAY, BUT MANY PROBLEMS REMAIN TO BE WORKED OUT IN TERMS OF PROVIDING IT WITH THE RESOURCES AND QUALIFIED LEADERS IT NEEDS TO BE AN EFFECTIVE, HONEST, AND APOLITICAL POLICE. AT THIS TIME, THE MOST EXPERIENCED LINE OFFICER ON THE FORCE HAS ONLY 10 MONTHS IN THE FIELD. IT IS FOR THESE REASONS THAT THE UNITED NATIONS MISSION IN HAITI (UNMIH) WAS EXTENDED, THAT INTERNATIONAL PEACEKEEPERS AND CIVILIAN POLICE REMAIN IN HAITI, AND THAT THE INTERNATIONAL COMMUNITY CONTINUES TO ENGAGE IN MENTORING AND TRAINING ACTIVITIES.

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UNCLASSIFIED#15 HAITI: POSSIBLE GOVERNMENT COMPLICITY IN KILLINGS?

- Q. Please assess the results of the FBI's investigation into possible official Haitian government complicity in execution-style killings that have occurred over the past several months.
- A. THE FBI INVESTIGATION PRODUCED EVIDENCE LINKING THE BERTIN CASE TO SEVERAL OTHER KILLINGS, AS WELL AS INFORMATION THAT SOME GOVERNMENT OFFICIALS MAY HAVE BEEN IMPLICATED IN SOME OF THOSE DEATHS. HOWEVER, I WOULD REFER YOU TO THE FBI FOR ANY ADDITIONAL INFORMATION PRODUCED IN THE INVESTIGATION WHICH THAT AGENCY CONDUCTED.

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UNCLASSIFIED#16 HAITI: FRAPH INTELLIGENCE DOCUMENTS (Part 1)

Q. When will we return to the Government of Haiti intelligence documents seized from the Cedras regime by the multinational force during the October 1994 intervention? Don't these documents legally belong to the Government of Haiti? Why the delay in returning them? Are reports accurate that the documents at first could not be found and that the Department of Defense was unclear that the Government of Haiti had requested their return?

A. WE RECOGNIZE THAT THESE DOCUMENTS BELONG IN HAITI. ABOUT 50-60 PERCENT OF THE DOCUMENTS IN QUESTION, ALL THAT WERE CONSIDERED INNOCUOUS AND NONSENSITIVE, WERE RETURNED TO HAITI ON JANUARY 30, THOUGH THE HAITIAN GOVERNMENT HAS NOT YET TAKEN POSSESSION OF THEM. WE HAVE SUGGESTED TO THE HAITIAN AUTHORITIES MODALITIES FOR THE RETURN OF THE REMAINING DOCUMENTS AND ARE WAITING FOR THEIR RESPONSE TO THOSE PROPOSALS.

ORIGINALLY THE DOCUMENTS WERE SEIZED BECAUSE WE WANTED TO LIMIT THREATS TO THE MULTINATIONAL FORCE AND THE HAITIAN PEOPLE FROM ORGANIZATIONS LIKE FRAPH. WE DID NOT RECEIVE A FORMAL REQUEST FOR THE DOCUMENTS UNTIL OCTOBER 31. OUR REVIEW OF THOSE DOCUMENTS HAS NOW BEEN COMPLETED.

REGARDING THE ACCURACY OF REPORTS THAT THE DOCUMENTS COULD NOT BE FOUND AT FIRST AND THAT THE DEPARTMENT OF DEFENSE WAS UNCLEAR THEY HAD BEEN REQUESTED, I MUST REFER YOU TO DOD.

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UNCLASSIFIED#16 HAITI: FRAPH INTELLIGENCE DOCUMENTS (Part 2)

- Q. (16a) What has been the Haitian government response to our proposal that we redact the names of all U.S. citizens before we return the documents? How many names have been redacted? (16b) Do these documents implicate Americans in human rights violations or other legal violations? If so, what action does the Administration anticipate taking? (16c) Please describe these documents and their potential importance in bringing to justice human rights violators in Haiti?
- A. THE HAITIAN GOVERNMENT HAS INDICATED IT DOES NOT CONSENT TO OUR REDACTING THE NAMES. HOWEVER, ONLY A HANDFUL OF KNOWN U.S. CITIZENS' NAMES HAVE TURNED UP IN THE REVIEW OF DOCUMENTS. I WOULD REFER YOU TO DOD FOR THE EXACT NUMBER REDACTED.

THERE IS NO INDICATION IN THE DOCUMENTS OF U.S. CITIZENS COMMITTING CRIMES, AND NO EVIDENCE OF WRONGDOING BY U.S. CITIZENS. WE HAVE INFORMED HAITIAN AUTHORITIES THAT IF THEIR GOVERNMENT DETERMINES THE IDENTITY OF AN AMERICAN PERSON WHOSE NAME HAS BEEN DELETED IS NEEDED TO FURTHER LAW ENFORCEMENT OR OTHER LEGITIMATE GOVERNMENTAL FUNCTIONS OF THE GOVERNMENT OF HAITI, THE U.S. GOVERNMENT WILL GIVE SYMPATHETIC CONSIDERATION TO A REQUEST FOR SUCH IDENTIFICATION.

THE DOCUMENTS CONTAIN LITTLE OR NO INFORMATION RELATING TO HUMAN RIGHTS ABUSES, INCLUDING HUMAN RIGHTS ABUSES COMMITTED BY FRAPH. THE SENSITIVITY OF THE DOCUMENTS LIES MOSTLY IN THE FACT THAT THEY NAME THE NAMES OF INDIVIDUALS AFFILIATED WITH FRAPH.

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ASSESSMENT

Q. #17 Mexico Counternarcotics The increasing evidence of narcotics entering the United States through the US-Mexican border is alarming. What role does Mexico now play in our counternarcotics effort? To what extent are we able to monitor drug trafficking through Mexico? What can be done to disrupt and dismantle narcotics trafficking through Mexico?

A. MEXICO COOPERATES WITH US COUNTERNARCOTICS EFFORTS IN A NUMBER OF WAYS, MOSTLY BILATERAL LAW ENFORCEMENT EFFORTS. LAST YEAR, SENIOR US AND MEXICAN LAW ENFORCEMENT AND DIPLOMATIC OFFICIALS BEGAN AN UNPRECEDENTED SERIES OF LAW ENFORCEMENT PLENARIES. SIX SUCH MEETINGS WERE HELD THROUGH THE YEAR AS WELL AS SEVERAL WORKING GROUP GATHERINGS. AMONG THE TOPICS DISCUSSED WERE COUNTERNARCOTICS COOPERATION, PRISON TRANSFER, MONEY LAUNDERING, ARMS SMUGGLING, AND WHITE COLLAR CRIME.

WHILE NATIONAL SECURITY CONCERNS LED MEXICO TO DECLINE DIRECT US ASSISTANCE TO ITS COUNTERNARCOTICS PROGRAMS SINCE 1993, MEXICO DID ACCEPT SOME EQUIPMENT AND TECHNICAL SUPPORT LAST YEAR TO ENHANCE BORDER INTERDICTION EFFORTS. FOR INSTANCE, THE MEXICAN ATTORNEY GENERAL'S OFFICE (PGR)--THE PRINCIPAL NARCOTICS ENFORCEMENT AGENCY--LEASED AN ADDITIONAL 12 UH-1H HELICOPTERS AND SPARE PARTS FROM THE US AND SENT 29 PILOTS TO THE US FOR FLIGHT TRAINING. OTHER US TRAINING PROVIDED TO MEXICAN OFFICIALS FOCUSED ON INTERDICTION, MONEY LAUNDERING, PRECURSOR CHEMICAL INVESTIGATIONS, AND CUSTOMS

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PROCEDURES.

US EFFORTS TO MONITOR DRUG TRAFFICKING THROUGH MEXICO CONTINUE TO IMPROVE, ALTHOUGH THERE IS STILL A NEED FOR MORE INTELLIGENCE. WE ESTIMATE THAT AS MUCH AS 50 TO 70 PERCENT OF SOUTH AMERICAN COCAINE TRANSITS MEXICO EN ROUTE TO THE US. WE OCCASIONALLY HAVE GOOD INFORMATION ON SPECIFIC TRAFFICKER OPERATIONS. MORE IS NEEDED, HOWEVER, AND THE INTELLIGENCE AND LAW ENFORCEMENT COMMUNITIES ARE IMPROVING THEIR DETECTION AND MONITORING EFFORTS. ONE RECENT EXPANSION OF COLLECTION WAS DIRECTED NEAR THE US BORDER, WHERE PREVIOUSLY WE HAD LACKED GOOD INFORMATION ON HOW THE DRUGS ENTERED THE US.

ONE OF THE MOST IMPORTANT STRATEGIES TO DISRUPT AND DISMANTLE DRUG TRAFFICKING THROUGH MEXICO IS TO CAPTURE AND PROSECUTE THE KINGPINS AND THEIR TOP LIEUTENANTS. DESPITE THE CAPTURE AND EXPULSION TO THE US OF DRUG KINGPIN JUAN GARCIA ÁBREGO IN JANUARY, THERE ARE OTHER LEADING MEXICAN TRAFFICKERS WHO STILL ENJOY IMPUNITY FROM LAW ENFORCEMENT. THE US INTELLIGENCE AND LAW ENFORCEMENT AGENCIES CURRENTLY HAVE A STRATEGY TO COLLECT INFORMATION ON THESE KINGPINS IN AN EFFORT TO EFFECT THEIR ARREST.

THIS "LINEAR" STRATEGY HAS HAD GOOD RESULTS IN COLOMBIA.

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MEXICAN COOPERATION IS ESSENTIAL TO THE SUCCESS OF THIS EFFORT, ESPECIALLY THEIR WILLINGNESS TO ROOT OUT ENDEMIC DRUG-RELATED CORRUPTION. THE ZEDILLO GOVERNMENT HAS PLEDGED TO CRACK DOWN ON CORRUPTION, BUT THE PROBLEM REMAINS PERVASIVE.

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Q. #18 Threat from heroin. Presidential Decision Directive 14 refocused US efforts against the cocaine trade. The Administration has been working on a similar review of the heroin trade. What is the status of this review? How does the heroin trade differ from the cocaine trade and how will the Intelligence Community approach differ?

A. PRESIDENTIAL DECISION DIRECTIVE NSC-44 ON THE US POLICY ON INTERNATIONAL HEROIN CONTROL WAS RELEASED ON NOVEMBER 21, 1995. THIS PDD SET FORTH THE ADMINISTRATION'S APPROACH TO THE HEROIN PROBLEM.

THE HEROIN TRADE DIFFERS IN SEVERAL IMPORTANT WAYS FROM THE COCAINE TRADE. MUCH OF THE WORLD'S OPIUM POPPY PRODUCTION IS PRODUCED IN COUNTRIES WHERE THE US HAS LITTLE ACCESS. BURMA IS THE WORLD'S LARGEST HEROIN PRODUCER, WHICH ACCOUNTS FOR ABOUT 60 PERCENT OF THE SUPPLY, AND AFGHANISTAN IS THE SECOND LARGEST, WITH ABOUT 30 PERCENT. THE HEROIN TRADE IS DOMINATED BY TRAFFICKING GROUPS WHO SHIP THEIR PRODUCT TO THE US AND EUROPE IN A WIDE VARIETY OF WAYS. HEROIN TRAFFICKING NETWORKS ARE CONSIDERED TO BE MORE DIFFICULT TO COMBAT BECAUSE OF DIFFICULTIES IN COLLECTING INFORMATION IN THE SOURCE COUNTRIES WHERE DRUG WARLORDS OPERATE IN REMOTE REGIONS BEYOND THE CONTROL OF CENTRAL GOVERNMENT AUTHORITIES, AND BECAUSE ASIAN TRAFFICKING ORGANIZATIONS ARE LOOSE-KNIT ORGANIZATIONS WHICH ARE MORE DIFFICULT TO PENETRATE. MOREOVER, HEROIN TRAFFICKING SYNDICATES TEND TO BE MORE COMPARTMENTALIZED AND LESS VERTICALLY INTEGRATED

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THAN COCAINE CARTELS. THE INTELLIGENCE AND LAW ENFORCEMENT APPROACH TO THE HEROIN PROBLEM IS SIMILAR TO THE MEASURES AGAINST COCAINE TRAFFICKING. THIS "LINKAGE" STRATEGY IS SIMILAR TO THE COCAINE "LINEAR" APPROACH IN THAT IT FOCUSES ON THE MAJOR TRAFFICKERS AND THEIR ORGANIZATIONS. WITHOUT COOPERATION FROM THE MAJOR OPIUM/HEROIN PRODUCING NATIONS IN CAPTURING AND PROSECUTING HEROIN KINGPINS, ASIAN TRAFFICKING ORGANIZATIONS WILL CONTINUE TO PROSPER AND HEROIN FLOWS TO THE US WILL INCREASE.

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#19 SITUATION IN SUDAN

Q. The United States recently withdrew all personnel from Sudan. Was this in response to specific threats or an evaluation of the overall threat environment in Khartoum? Did the intelligence community agree with the decision to withdraw from Sudan? Will this withdrawal affect your ability to collect against important targets?

A. THE DECISION TO WITHDRAW WAS NOT BASED ON ANY SPECIFIC THREAT INFORMATION. THE US GOVERNMENT FOR SEVERAL YEARS HAS BEEN CONCERNED ABOUT THE PRESENCE OF TERRORIST GROUPS IN SUDAN. ALTHOUGH THE US HAS REPEATEDLY MADE THESE CONCERNS KNOWN, THE GOVERNMENT OF SUDAN FAILED TO TAKE EFFECTIVE STEPS TO CURB THE ACTIVITIES OF THESE GROUPS OR TO REQUIRE THEM TO LEAVE SUDAN. THE SECRETARY AND OTHER AGENCY PRINCIPALS CONCLUDED THAT THE SUDANESE GOVERNMENT COULD NOT PROTECT EMBASSY PERSONNEL FROM THE GROWING THREAT POSED BY THE RESIDENT FOREIGN TERRORIST GROUPS AND RADICAL SUDANESE ELEMENTS.

THE IC MADE NO FORMAL RECOMMENDATION ON THIS MATTER BUT DID PROVIDE A THREAT ASSESSMENT THAT REAFFIRMED THAT SUDAN WAS A RISKY ENVIRONMENT FOR OFFICIAL AMERICANS AND NOTED THAT CONDITIONS COULD DETERIORATE RAPIDLY WITHOUT MUCH WARNING. THE WITHDRAWAL HAS REDUCED THE IC'S ABILITY TO REPORT ON IMPORTANT TARGETS, INCLUDING THE TERRORIST ELEMENTS WHOSE PRESENCE HAS HELPED TO RENDER SUDAN SUCH A RISKY ENVIRONMENT. IT HAS CREATED A REPORTING VACUUM IN WHICH DUBIOUS PRESS AND INTELLIGENCE PIECES ON VARIOUS ISSUES RECEIVE UNDESERVED ATTENTION AND/OR CREDIBILITY IN THE ABSENCE OF CORRECTIVE EMBASSY AND STATION REPORTING.

UNCLASSIFIED#20 INTELLIGENCE COMMUNITY SUPPORT IN BOSNIA

- Q. Intelligence has undoubtedly played an important role in helping the Bosnia operation run smoothly. But what are the shortfalls in Intelligence Community support to the Bosnia operation and what is being done to rectify this problem area?
- A. AS IN ANY OPERATION OF THE SIZE AND IMPORTANCE OF THE ONE IN BOSNIA, IT TAKES TIME TO SET UP MANY SEPARATE OPERATIONAL ELEMENTS ON THE GROUND, ESTABLISH COMMUNICATIONS LINKS BETWEEN THEM AND WITH WASHINGTON, DETERMINE WHAT IS WORKING WELL AND WHAT IS NOT, AND REMOVE THE KINKS SO THAT A FREE AND UNRESTRICTED FLOW OF INFORMATION, INCLUDING INTELLIGENCE, CAN TAKE PLACE ON A TIMELY BASIS. WITH EXPERIENCE ON THE GROUND, SPECIFIC SHORTFALLS WERE IDENTIFIED IN BOSNIA AND PLANS DRAWN UP TO RECTIFY THEM. THE DEPARTMENT AND THE IC AGREED TO AN INCREASED LEVEL OF SUPPORT TO AMBASSADOR MENZIES. A MAJOR COOPERATIVE EFFORT WAS UNDERTAKEN TO ACHIEVE THIS GOAL. AS PART OF THIS UNDERTAKING AN INR OFFICER WAS IN BOSNIA FOR A MONTH (APRIL) ASSISTING THE MISSION TO COMPLETE THE LOGISTICAL ARRANGEMENTS. THIS INCREASED LEVEL OF SUPPORT TO AMBASSADOR MENZIES IS ALMOST FULLY OPERATIONAL. WE CAN PROVIDE DETAILS IN A CLASSIFIED FORM.

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- Q. #21 What, if any, role does the U.S. Intelligence Community play in support of the War Crimes Tribunal? What more could the Intelligence Community be doing to support the work of the War Crimes Tribunal?
- A. THE US INTELLIGENCE AND FOREIGN POLICY COMMUNITIES FULLY SUPPORT THE WORK OF THE WAR CRIMES TRIBUNAL AND PROVIDE THE OFFICE OF THE PROSECUTOR APPROPRIATE INFORMATION RELEVANT TO ITS INVESTIGATIONS. THE US GOVERNMENT HAS BEEN THE MOST FORWARD-LEANING OF ALL UN MEMBERS IN PROVIDING ASSISTANCE TO THE TRIBUNAL BECAUSE THIS ADMINISTRATION VIEWS THE TRIBUNAL'S WORK AS CRITICAL TO THE ENFORCEMENT OF INTERNATIONAL HUMAN RIGHTS STANDARDS. UNDERSCORING THAT COMMITMENT, THE DEPARTMENT OF STATE IS ESTABLISHING A WAR CRIMES UNIT WITHIN THE BUREAU OF INTELLIGENCE AND RESEARCH TO COORDINATE THE TIMELY PROVISION OF INFORMATION TO TRIBUNAL PROSECUTORS BY US GOVERNMENT AGENCIES.

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Q. What is your assessment of the likelihood that the parties will continue to comply with the Dayton Accord and the IFOR Command Directives?

A. PRECEDENT SUGGESTS THE BOSNIAN PARTIES WILL CONTINUE TO HONOR IFOR DIRECTIVES AND MEET DAYTON ACCORD COMPLIANCE DEADLINES. IFOR'S STRENGTH AND PRESTIGE, ITS ROBUST MANDATE, INCLUDING THE AUTHORITY TO CALL IN AIR SUPPORT, THE PARTIES' RELUCTANCE TO GET ON ITS WRONG SIDE, AND THE PARTIES' NEED TO REDUCE THEIR MILITARY BURDEN BY DEMOBILIZATION, WILL COMBINE TO GIVE IFOR THE CONTINUED UPPER HAND. ALL PARTIES CONTINUE TESTING IFOR'S RESOLVE BY, E.G., ILLICIT PATROLLING AND BUNKER CONSTRUCTION IN THE ZOS, ATTEMPTS TO DELAY WITHDRAWALS AND TURNOVERS, AND RESISTANCE TO IFOR INSPECTIONS OF EQUIPMENT INVENTORIES. BUT WHEN IFOR HAS STUCK TO ITS GUNS AND DEMANDED TO-THE-LETTER COMPLIANCE, THE PARTIES' ARMIES HAVE NEARLY ALWAYS COMPLIED IN FULL.

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Q. In the longer term, what are the key determinants in establishing stability in Bosnia and the region?

A. LONG-TERM STABILITY WILL REQUIRE RESOLUTION OF THE PROBLEM OF REFUGEES. IN KEEPING WITH DAYTON, REFUGEES WILL BE ABLE TO RETURN TO THEIR HOMES OR RECEIVE JUST COMPENSATION. THE CONTINUING EXISTENCE OF A LARGE REFUGEE POPULATION WOULD OBVIOUSLY BE A DESTABILIZING INFLUENCE. CIVILIAN RECONSTRUCTION WILL CREATE JOBS TO ABSORB SEVERAL HUNDRED THOUSAND NEWLY DEMOBILIZED SOLDIERS, AND, MORE GENERALLY, WILL HELP REPLACE THE PSYCHOLOGY OF WAR WITH THE PSYCHOLOGY OF PEACE AMONG THE GENERAL POPULATION. MUTUAL RECOGNITION BETWEEN THE FRYS AND CROATIA IS ALSO ESSENTIAL, AS IS THE NORMALIZATION OF RELATIONS AMONG ALL THE SUCCESSOR STATES OF THE FORMER SFRY.

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UNCLASSIFIEDUS SUPPORT FOR WAR CRIMES TRIBUNAL

- Q. 21. What, if any, role does the US Intelligence Community play in support of the War Crimes Tribunal? What more could the Intelligence Community be doing to support the work of the War Crimes Tribunal?
- A. THE US INTELLIGENCE AND FOREIGN POLICY COMMUNITIES FULLY SUPPORT THE WORK OF THE WAR CRIMES TRIBUNAL AND PROVIDE THE OFFICE OF THE PROSECUTOR APPROPRIATE INFORMATION RELEVANT TO ITS INVESTIGATIONS. THE US GOVERNMENT HAS BEEN THE MOST FORWARD-LEANING OF ALL UN MEMBERS IN PROVIDING ASSISTANCE TO THE TRIBUNAL BECAUSE THIS ADMINISTRATION VIEWS THE TRIBUNAL'S WORK AS CRITICAL TO THE ENFORCEMENT OF INTERNATIONAL HUMAN RIGHTS STANDARDS. UNDERSCORING THAT COMMITMENT, THE DEPARTMENT OF STATE IS ESTABLISHING A WAR CRIMES UNIT WITHIN THE BUREAU OF INTELLIGENCE AND RESEARCH TO COORDINATE THE TIMELY PROVISION OF INFORMATION TO TRIBUNAL PROSECUTORS BY US GOVERNMENT AGENCIES.

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UNCLASSIFIED#22 MAINTENANCE OF DIVERSE AREA AND LANGUAGE SKILLS

Q. What programs and/or procedures have you developed to ensure you maintain an adequate and appropriate area expert/linguist core to fulfill your collection and analysis requirement in increasingly diverse geographic and topical areas of responsibility worldwide? Expand on current career management, skills maintenance and enhancement programs, and career paths for both civilian and personnel. Also address how the needs of the entire Intelligence Community are coordinated and deconflicted to maximize resources and effectively address requirements with the highest priority.

A. THE DEPARTMENT OF STATE'S FOREIGN SERVICE INSTITUTE (NFATC) MAINTAINS AN AREA TRAINING CAPABILITY IN ALL MAJOR WORLD AREAS, OVER 20 SPECIFIC REGIONS, AND HAS THE CAPACITY TO ASSEMBLE EXPERTISE ON SPECIFIC HOT SPOTS ON SHORT NOTICE. NAFTC PROVIDES LANGUAGE TRAINING IN OVER 60 LANGUAGES AND ARRANGES TRAINING THROUGH CONTRACTORS IN OTHER LANGUAGES AS REQUIRED. NFATC MAINTAINS CLOSE TIES WITH THE INTELLIGENCE COMMUNITY, PARTICULARLY ON FOREIGN LANGUAGE ISSUES, THROUGH THE FOREIGN LANGUAGE COMMITTEE AND THE CENTER FOR THE ADVANCEMENT OF LANGUAGE LEARNING, BOTH COMMUNITY SPONSORED ENTITIES IN WHICH NFATC ACTIVELY PARTICIPATES AND CONTRIBUTES.

INR WORKS CLOSELY WITH THE BUREAU OF PERSONNEL TO ENSURE THAT ITS STAFF IS AFFORDED ENHANCEMENT OPPORTUNITIES AVAILABLE TO ALL DEPARTMENT OF STATE EMPLOYEES. IN ADDITION, INR HAS A SPECIAL OVERSEAS ANALYST PROGRAM WHICH PROVIDES FOR THREE CIVIL SERVICE EMPLOYEES TO BE GRANTED TEMPORARY FOREIGN SERVICE APPOINTMENTS TO SERVE AT DIPLOMATIC AND COUNSELOR POSTS ABROAD. INR ALSO PARTICIPATES IN THE INTELLIGENCE COMMUNITY'S EXCEPTIONAL

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ANALYST PROGRAM AND FOR THE PAST FEW YEARS AN INR CIVIL SERVICE EMPLOYEE HAS BEEN SELECTED TO PARTICIPATE IN THIS ONE YEAR ENRICHMENT PROGRAM. WHILE LIMITED DUE TO BUDGETARY CONSTRAINTS, SOME FIELD TRAVEL STILL IS MADE BY INR ANALYSTS. DUE TO DOWNSIZING, SPAN CONTROL INCREASES, AND REDUCTION OF POSITIONS AT THE GS-13-15 GRADE LEVELS CAREER PATHS FOR CIVILIAN PERSONNEL IN INR HAVE BECOME SOMEWHAT SHORTER AS GRADE LEVEL TOPS OUT FOR NON-SUPERVISORY LEVEL AT THE GS-13 LEVEL.

INR THROUGH ITS INTELLIGENCE POLICY AND COORDINATION DIRECTORATE IS DIRECTLY RESPONSIBLE FOR COORDINATING ACTIVITIES WITH THE INTELLIGENCE COMMUNITY TO MAXIMIZE RESOURCES AND ADDRESS HIGHEST PRIORITY REQUIREMENTS.

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UNCLASSIFIED#23 PAKISTAN'S FUTURE

- Q. How likely is it that Pakistan will become increasingly violent and ungovernable over the next five years?
- A. PAKISTAN IS LIKELY TO FACE ETHNIC AND RELIGIOUS UNREST OVER THE NEXT FIVE YEARS, PARTICULARLY IN THE MAIN PORT OF KARACHI AND IN PARTS OF PUNJAB. TENSIONS WILL CONTINUE TO BE EXACERBATED BY SOCIAL AND ECONOMIC PROBLEMS SUCH AS RAPID POPULATION GROWTH, SPRAWLING URBANIZATION, AND LIMITED JOB AND EDUCATIONAL OPPORTUNITIES. PAKISTAN ALSO FACES A DOMESTIC SECURITY THREAT FROM FOREIGN EXTREMISTS USING THE COUNTRY AS A BASE FOR THEIR ACTIVITIES.

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- Q. What is the likelihood that Pakistan is likely to survive intact?
- A. DESPITE PAKISTAN'S CURRENT PROBLEMS, WE BELIEVE THE COUNTRY WILL REMAIN INTACT. ITS NATIONAL ARMY REMAINS A POWERFUL AND EFFICIENT ORGANIZATION AND WILL INTERVENE AS NECESSARY TO PREVENT ANY INTERNAL BREAKDOWN IN LAW AND ORDER. THE ONLY SERIOUS POTENTIAL THREAT TO THE SURVIVAL OF PAKISTAN LIES IN A RENEWED CONFLICT WITH INDIA. BUT THE PROSPECTS OF ANOTHER WAR BETWEEN INDIA AND PAKISTAN, DESPITE THEIR ONGOING DISPUTE OVER KASHMIR, APPEAR REMOTE.

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Q. What are the implications for US interests?

A. THE IMPLICATIONS OF A MAJOR CRISIS IN PAKISTAN WOULD BE SERIOUS FOR U.S. STRATEGIC AND COMMERCIAL INTERESTS IN BOTH SOUTH AND CENTRAL ASIA. PAKISTAN WAS AN IMPORTANT ALLY AGAINST SOVIET EXPANSIONISM IN THE COLD WAR AND, GIVEN ITS PROXIMITY TO THE ONGOING CIVIL WAR IN AFGHANISTAN, IT CAN PLAY A KEY ROLE IN COMBATING THE SPREAD OF INTERNATIONAL TERRORISM AND DRUG TRAFFICKING IN THE REGION. UNDER RECENT GOVERNMENTS, INCLUDING THE PRESENT GOVERNMENT OF PRIME MINISTER BENAZIR BHUTTO, PAKISTAN HAS EMERGED AS A VALUABLE FORCE FOR MODERATION IN THE MUSLIM WORLD.

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UNCLASSIFIED#24 MEXICO: PROSPECTS FOR ECONOMIC RECOVERY AND POLITICAL STABILITY

Q. What are the prospects for Mexico's political system?

(24a) What impact will reforms now under way have in making the system stable and democratic? What is the possibility of collapse of the current political system and widespread instability? What type of political structures are emerging that could replace the long-dominant one-party system?

A. MEXICO IS UNDERGOING RAPID AND PROFOUND CHANGE. IT IS IN A DUAL ECONOMIC AND POLITICAL TRANSITION WHICH IS MADE ESPECIALLY DIFFICULT BECAUSE OF A DEEP ECONOMIC RECESSION. THOUGH THERE WILL BE ROUGH PATCHES, THE PROSPECTS FOR SUCCESSFULLY WEATHERING THE TRANSITION ARE GOOD.

ALL MAJOR POLITICAL PARTIES PARTICIPATED IN AN INFORMAL DIALOGUE ON POLITICAL REFORM AT CHAPULTEPEC CASTLE OVER THE PAST YEAR. ELECTORAL REFORM IS THE FIRST OF SEVERAL POLITICAL REFORMS -- INCLUDING THE JUDICIAL SYSTEM, FEDERALISM, PUBLIC SECURITY, AND OTHERS -- ON PRESIDENT ZEDILLO'S AGENDA. AGREEMENT WAS TENTATIVELY REACHED ON ABOUT 60 ELECTORAL REFORMS INCLUDING CAMPAIGN FINANCING, EQUITABLE MEDIA ACCESS BY POLITICAL PARTIES, THE FIRST EVER MAYORAL ELECTION FOR MEXICO CITY, AND MOST IMPORTANTLY, PROVISION FOR ELECTORAL DISPUTES TO BE HEARD BY THE SUPREME COURT. THE REFORM TALKS HAVE MOVED TO A FORMAL STAGE WITH THREE OF THE FOUR MAJOR POLITICAL PARTIES PARTICIPATING -- AT THE MOMENT, THE CONSERVATIVE OPPOSITION PAN PARTY HAS WITHDRAWN, BUT THE PROCESS IS LIKELY TO CONTINUE. REFORMS

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SHOULD BE SUBMITTED FOR CONGRESSIONAL DEBATE BY MAY/JUNE TO ENSURE NEEDED LEGISLATION IS IN PLACE BY NOVEMBER -- WELL BEFORE THE JULY 1997 MID-TERM ELECTIONS.

WE BELIEVE THE CURRENT POLITICAL SYSTEM WILL CONTINUE ITS TRANSFORMATION IN A POSITIVE MANNER.

MEXICO'S PROFOUND POLITICAL TRANSFORMATION WAS EXEMPLIFIED IN THE AUGUST 1994 PRESIDENTIAL ELECTIONS WHICH WERE A MILESTONE FOR MEXICAN DEMOCRACY. THERE WERE ISOLATED IRREGULARITIES, BUT MOST OBSERVERS CONCLUDED THAT THEY DID NOT ALTER THE OUTCOME OF THE PRESIDENTIAL CONTEST.

INCIDENT-FREE GUBERNATORIAL ELECTIONS IN 1995 IN JALISCO, GUANAJUATO, BAJA CALIFORNIA AND MICHOACAN -- THE FIRST THREE WON BY THE OPPOSITION PAN PARTY AND THE FOURTH BY THE PRI -- WERE FURTHER EVIDENCE OF MEXICO'S ON-GOING EVOLUTION TO A GENUINELY COMPETITIVE, MULTI-PARTY DEMOCRACY. MEXICO PROBABLY WILL END UP WITH AT LEAST THREE STRONG PARTIES: THE CURRENTLY GOVERNING PRI, THE CONSERVATIVE OPPOSITION PAN, AND A LEFTIST PRD OR CONSORTIUM OF LEFTIST PARTIES.

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UNCLASSIFIEDMEXICO: PROSPECTS FOR ECONOMIC RECOVERY

- Q. 24) (b) (1) What are Mexico's near-term economic prospects?
- A. MEXICO'S ECONOMY APPEARS TO HAVE BOTTOMED OUT, THOUGH UNEMPLOYMENT AND INFLATION REMAIN HIGH. EMPLOYMENT WILL IMPROVE IF, AS IS EXPECTED, THE ECONOMY PICKS UP STEAM BY THE THIRD QUARTER. CURRENT ECONOMIC FORECASTS ARE FOR A RETURN TO ECONOMIC GROWTH THIS YEAR IN THE RANGE OF 2.6-3%. INFLATION COULD EXCEED THE GOVERNMENT'S TARGET OF 20%, BUT IS LIKELY TO STAY WITHIN THE 20-30% RANGE. MEXICO'S EXPORT SECTOR WILL REMAIN STRONG. PRIVATE DEBT BURDENS AND THE WEAK BANKING SECTOR REMAIN POTENTIAL TROUBLE SPOTS, BUT THE GOVERNMENT CAN LIKELY MUSTER THE FINANCIAL RESOURCES TO PREVENT A SERIOUS CRISIS IN THE BANKING SECTOR IN THE EVENT OF SEVERE, UNEXPECTED PRESSURE.

POLITICAL PRESSURE FOR GREATER ECONOMIC STIMULUS COULD INCREASE. EXCESSIVE STIMULUS WOULD FUEL INFLATION AND INCREASE PRESSURE ON THE PESO. NONETHELESS, PRESIDENT ZEDILLO SO FAR HAS DEMONSTRATED A TENACIOUS COMMITMENT TO FISCAL AND MONETARY DISCIPLINE. THAT DISCIPLINE HAS BEEN THE KEY FACTOR IN MEXICO'S SLOWLY REGAINING THE CONFIDENCE OF THE INTERNATIONAL FINANCIAL COMMUNITY. MEXICO STILL NEEDS TO ATTRACT FOREIGN CAPITAL FOR LONG-TERM ECONOMIC GROWTH. SINCE LATE 1995, MEXICO HAS RAISED \$6.5 BILLION IN EUROPEAN AND JAPANESE FINANCIAL MARKETS, AN ENCOURAGING SIGN.

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- Q. 24) (b) (2) What are the implications for the United States?
- A. WITH MEXICO'S SHORT-TERM DEBT CRISIS LARGELY RESOLVED THROUGH THE 1995 US-IMF ADJUSTMENT PACKAGE, MEXICO POSES LITTLE DOWN SIDE ECONOMIC RISK FOR THE U.S. MEXICO'S ECONOMY IS TOO SMALL RELATIVE TO THE U.S. ECONOMY TO BE A SIGNIFICANT FACTOR IN THE OVERALL PERFORMANCE OF THE U.S. ECONOMY. NONETHELESS, MEXICO'S RETURN TO ECONOMIC HEALTH WILL SIGNIFICANTLY IMPROVE OPPORTUNITIES FOR GREATER U.S. EXPORTS TO MEXICO, ESPECIALLY AS MEXICAN TARIFFS CONTINUE TO DECLINE UNDER NAFTA.

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- Q. 24) (b) (3) Will Mexico be able to comply with the conditions of the U.S. loan package?
- A. YES. MEXICO STILL FACES SIGNIFICANT FOREIGN PUBLIC DEBT, BUT WITH THE SHORT-TERM DEBT OVERHANG OF DOLLAR-INDEXED TESOBONOS RESOLVED, THE STRUCTURE OF THE DEBT IS MORE MANAGEABLE. MEXICO'S ANNUAL DEBT OBLIGATIONS ARE NOT CONSIDERED TO BE EXCESSIVE IN RELATION TO CURRENT ESTIMATES OF ITS OVERALL BALANCE OF PAYMENTS FOR 1996 AND BEYOND.

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Q- 24) (b) (4) How will NAFTA be affected?

A. WHILE U.S. EXPORTS TO MEXICO ARE OBVIOUSLY AFFECTED BY MEXICO'S CURRENT MACROECONOMIC SITUATION, THE STRUCTURE AND OBJECTIVES OF NAFTA ARE NOT. PRESIDENT ZEDILLO HAS STEADFASTLY RESISTED ANY TEMPTATION TO RESORT TO A SHORT-TERM FIX FOR THE MEXICAN ECONOMY WITH A RETURN TO THE CLOSED MARKET POLICIES OF THE PAST.

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Q. (24c) How will political turmoil and possible social instability affect bilateral relations, migration flow, and narcotics trafficking?

WE SEE LITTLE PROSPECT FOR MAJOR POLITICAL TURMOIL OR INSTABILITY. HOWEVER, MEXICO'S SEVERE ECONOMIC RECESSION PROBABLY INCREASES PRESSURES FOR ILLEGAL MIGRATION AND SENSITIVITIES TO US MEASURES TO STEM THE FLOW.

THE MEXICAN GOVERNMENT AND MAINSTREAM POLITICAL FIGURES CONTINUE TO PLACE A HIGH PRIORITY ON STRENGTHENING TIES AND COOPERATION IN THE FIGHT AGAINST DRUG TRAFFICKING WITH THE US, A TREND THAT THE CURRENT ECONOMIC CRISIS HAS NOT REVERSED.

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## DEFENSE INTELLIGENCE AGENCY

WASHINGTON, D.C. 20340



6 MAY 1996

U-60,332/PSC

Honorable Arlen Specter  
Chairman, Select Committee  
on Intelligence  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

Enclosed is DIA's response to a number of questions for the record provided as a result of the 22 February 1996 hearing on the Worldwide Threat to the US National Security Interests. If you have any additional questions, please do not hesitate to contact me. I look forward to working with you and the SSCI during the coming year.

Sincerely,

PATRICK M. HUGHES  
Lieutenant General, USA  
Director

1 Enclosure  
Answers to SSCI  
Questions

**Question 1. Russian General Purpose Forces: Status and Directions Through 2005.**

**What is the current status of Russian conventional forces? How capable and threatening are they? What issues/factors affect Russian capabilities today? How? If present trends continue, what will be the Russian military capability to conduct operations 5 years from now? Do these trends indicate the possibility that Russia may soon have insufficient military force to retain order within Russia? What factors are most likely to shape Russian force development over the next 10 years? What will be the size and characteristics of Russian forces in 2005? How capable and threatening will they be?**

**Q: What is the current status of Russian conventional forces? How capable and threatening are they?**

A: Russian General Purpose Forces are much smaller (over 50 percent less) than were those of the Soviet Union. They currently lack the capability to conduct a Soviet-style large-scale conventional offensive against NATO Europe and are not likely to regain that capability during the next decade. However, they will retain sufficient capabilities to stem any internal unrest and prevail against any of the former Soviet republics.

**Q: What issues/factors affect Russian capabilities today? How?**

A: The process of forging a new military force from the Russian remnants of the Soviet armed forces has been traumatic and painful. More than 3 years into the process, Russia's defense leadership is still struggling over the pace, scope, and direction of change. Moscow's military planners are confronted by a host of problems. Substantial conscription shortfalls, too many senior officers and too few junior officers and enlisted men, a disrupted defense-industrial sector, the military's diminished standing relative to other bureaucracies in the overall resource allocation pool, severe troop morale and discipline problems, widespread corruption -- reportedly including at senior levels of the defense ministry -- and inadequate training all have served to degrade the capabilities and readiness of Russia's general purpose forces. Although the Chechen conflict has intensified discussion of military reforms, problems facing the Russian military are so difficult and pervasive that many will not be overcome by 2005.

Russia is spending much less on defense than the former Soviet Union. For example, in 1994, Russia spent only a quarter as much as the Soviet Union spent in 1988, and Russia will spend even less this year. The share of GNP devoted to defense has also been reduced -- from 15 to 17 percent spent by the Soviets in the late 1980s to somewhat less than 10 percent spent by Russia in 1994. The share of GNP devoted to defense by Russia this year will likely be similar to that spent in 1994. Given recent trends, both in the overall economy and in the share of GNP allocated to defense, military planners will have to cope with what they will view as inadequate resources well into the next decade.



**Q: If present trends continue, what will be the Russian military's capabilities to conduct operations five years from now? Do these trends indicate the possibility that Russia may soon have insufficient military force to retain order within Russia?**

A: Russia possesses strategic nuclear forces comparable to those of the United States and will remain a formidable nuclear power. And despite their problems, Moscow's general purpose forces are larger and stronger than those of all other states on the Eurasian landmass -- excepting the forces of China and the collective forces of NATO in Europe. And, while forcewide readiness has declined, the Russian armed forces have made some progress under difficult circumstances.

Continued through the next 5 years, Russia's forces will remain capable of suppressing regional rebellions or internal unrest, despite the problems encountered in Chechnya. Similarly, Russia will retain the capability to defend itself against a conventional invasion, and to overwhelm any other former Soviet state with a conventional offensive, provided it has sufficient time to prepare.

But their numerous and intractable deficiencies will continue to limit the effectiveness of Russia's general purpose forces in operations well outside the country or against technologically advanced adversaries. Thus, Russia will likely remain incapable of conducting a conventional offensive deep into China, and is not likely during the next decade to regain the Soviet Union's capability to quickly mount a planned strategic offensive deep into Europe.

**Q: What factors are most likely to shape Russian force developments over the next 10 years?**

A: Significant resource shortfalls and continuing indecision about fundamental future conventional force requirements will limit military improvement over the near term, almost irrespective of the political leadership exercised from Moscow.

**Q: What will be the size and characteristics of Russian forces in 2005? How capable and threatening will they be?**

A: What happens to Russia's general purpose forces by 2005 depends on what happens to Russia as a whole -- clearly a matter of great uncertainty. To reduce the impact of this uncertainty, we have tried to establish the bounds within which changes in Russia's general purpose forces are likely to be restricted. Accordingly, we have considered two very different but still plausible Russian futures embodying contrasting political, economic, and military assumptions.

- The most likely future assumes that a moderate political leadership is in power through 2005 and dominates Russian defense policy. This leadership emphasizes economic recovery over military power. It implements policies likely to result in a somewhat better

economic performance overall, and follows more of a reformist approach to military planning -- one that focuses on local and regional threats, emphasizes smaller, lighter, but more ready forces, and works to keep the defense burden low, about 5 percent of GNP.

- A second future assumes that a hardline leadership comes to power within the next 5 years and dominates the defense policy process through 2005. The hardliners are more concerned with the "threat" posed by Western force developments and emphasize military power and traditionalist policies over economic reform. They spend more on defense -- about 12 to 13 percent of GNP -- enjoy less of an economic recovery, and limit military reform by reverting to Soviet-style larger, heavier, and generally less ready forces.

**Question 2. Russia: Proliferation of Chemical Weapon-Related Chemicals and Technology.** What is the status of Russia's offensive chemical weapon (CW) program in terms of research, development, testing, evaluation, production, weaponization, stockpile size, composition, location and destruction capability? What factors best explain Russia's actions regarding its CW program and arms control commitments? What is the likely future course of Russia's CW program, and how will it affect Moscow's behavior with respect to the various arms control agreements to which it is a signatory, especially the Chemical Weapons Convention? What implications do the foregoing have for the U.S.? Do you have any information that Russia is assisting nations attempting to enhance their offensive chemical warfare (CW) capability? Please explain.

**Q:** What is the status of Russia's offensive chemical weapons (CW) program in terms of research, development, testing, evaluation, production, weaponization, stockpile size, composition, location and destruction capability?

**A:** Russia has the world's largest CW program. The Russian stockpile includes over 40,000 tons of chemical agent, most of which is in weapons including artillery, rockets, bombs, and missiles. Russia may also have CW stocks in excess of those declared.

The former Soviet Union committed to destruction of its chemical weapons in 1987, but to date destruction has been stalled. The delay in the destruction program has been attributed to problems with finance, political resistance, and technology. Internal bickering within the Russian bureaucracy has probably delayed the beginning of meaningful destruction.

While some parts of the infrastructure of the Soviet/Russian CW program have been downsized and restructured, a core capability may be retained. The future Russian CW program will rely more on the technology to rapidly mobilize production and less on the manufacture and retention of large quantities of war material.

**Q:** What factors best explain Russia's actions regarding its CW program and arms control commitments?

**A:** There are several factors affecting Russia's actions regarding its CW programs and arms control commitments. Russian officials probably believe they need a CW capability to deter other nations from chemical warfare. They cite a potential threat from purported CW programs in the U.S., other Western nations, and several countries on or near Russia's borders.

In addition, Russian officials believe that dismantling the CW program would waste their resources and rob them of valuable production assets. They maintain that the CW production facilities should not be destroyed but be used to produce commercial products.

Moreover, these officials do not want to see their life's work destroyed, their jobs eliminated, and their influence diminished.

**Q: What is the likely future course of Russia's CW program, and how will it affect Moscow's behavior with respect to the various arms control agreements to which it is a signatory, especially the Chemical Weapons Convention?**

A: According to the Russian whistleblowers, new agents in development, such as the "Novichok" chemicals, will allow Moscow to quickly reconstitute a CW capability. Reportedly, some components for these new agents are not on the CWC's Schedule of Chemicals, and they can be produced in commercial chemical plants. Moreover, since Moscow has a large CW stockpile, and its destruction program has been seriously delayed, any meaningful reduction of existing stocks will not occur for a decade or more.

Russia is likely to eventually ratify the CWC. Ratification could be delayed while the Duma is preoccupied with domestic matters unrelated to the CWC. In the interim, Russia will remain an active participant in the CWC's implementation process, attempting to shape the CWC's verification regime to its advantage by limiting the capability of the Organization for the Prohibition of Chemical Weapons.

**Q: What implications do the foregoing have for the U.S.?**

A: Russia's actions will have an effect on a number of states. Many nations are withholding action on ratification of the CWC pending Russian and U.S. ratification. Further Russian procrastination in approving the CWC and beginning their destruction program will give reluctant states further cause for delaying their full acceptance of the CWC regime.

**Q: Do you have any information that Russia is assisting nations attempting to enhance their offensive chemical warfare (CW) capability? Please explain.**

A: Russian help to foreign CW programs has been either largely absent or exceptionally discreet. There is some information that former prominent figures in the Russian CW program such as academician Anatoliy Kuntsevich have assisted states in the Middle East in obtaining precursor chemicals. The dual-use nature of chemicals makes it difficult to assign these actions to a CW program. However, given Russia's weak export controls, there is reason for concern about Russia as a potential source of CW proliferation.

**Question 3. Transfer of Technology from the Former Soviet Union.** What general trends has the Intelligence Community noticed of scientists, technology, and conventional and unconventional military sales to other nations? What trends have you detected that Soviet nuclear materials, BW, CW, or ballistic missile-related materials or technology, have found their way to the international black market? What are the implications of these trends for U.S. national security?

**Q:** What general trends has the Intelligence Community noticed of scientists, technology, and conventional and unconventional military sales to other nations [by the FSU]?

**A:**

- Russia: The value of Moscow's arms exports doubled last year to over \$3 billion after declining steadily for almost 7 years. Russia has achieved some success in its effort to expand its customer base by signing arms contracts with several first-time customers, including Malaysia, Kuwait, and South Korea. Moscow received over \$10 billion in new arms orders in the last 2 years. The surge in new agreements, however, will not be followed by a corresponding large increase in annual arms deliveries because the transfers will occur over several years. Some agreements, such as the transfer of Su-27/FLANKER production technology to China, could take up to 10 years to complete. Moreover, the surge in military trade will not produce windfall hard currency earnings for Moscow, as 35 to 40 percent of the deals are debt swaps or barter arrangements, primarily with former Warsaw Pact states, as well as China. This could change should internal pressure from nationalistic politicians or defense industrialists lead Moscow to relax the restraint it has shown regarding conventional weapons sales to Iran and Iraq, two major traditional customers who have paid in cash. Internal pressure to increase arms exports has already led to decentralization of the arms export apparatus, creating numerous new players. For example, Moscow recently granted 10 defense plants arms export authority. Rampant corruption and decentralized control have also increased the potential for illegal arms exports since Soviet military trade was consolidated under the Foreign Economic Relations Ministry. In addition, many Russian scientists and engineers are known to be working in/for several non-FSU countries. These individuals were directly involved in defensive missile system research and development programs in the FSU and, more recently, in the successor states.

- Other Soviet Successor States: Russia is the only state that has the capability to produce and export major weapon systems independently; however, Ukraine is attempting to lessen its dependence on Russia. Kiev recently announced that it had developed a new surface-to-air missile system known as the S-400 that it developed indigenously without reliance on foreign producers for components. The other states of the FSU produce minor weapons or components with varying degrees of dependence on Russia or other countries for inputs. For the most part, weapons exports from the non-Russian states have been limited to sales of equipment from existing military stocks. However, the non-Russian states have had to develop arms export organizations from scratch. In many cases, these

states lack the institutional oversight and control mechanisms to prevent illegal or undesirable arms transfers. Therefore, arms exports are frequently made to areas of Third World instability or conflict and which are low tier or no tier in terms of intelligence priorities, making them very difficult to routinely identify.

**Q: What trends have you detected that Soviet nuclear materials, BW, CW, or ballistic missile-related materials or technology, have found their way to the international black market? What are the implications of these trends for U.S. national security?**

**A:**

- Nuclear: Incidents of illicit trafficking in nuclear materials increased following the breakup of the former Soviet Union. This increase can be attributed primarily to worsening economic conditions and the breakup itself. The majority of the incidents have not involved weapons-useable material. Press reports tend to overstate the quality of illicit material; however the fact that illicit trafficking is occurring is alarming.

The first incidents involving weapons-useable material outside the FSU occurred in 1994. The largest seizure of weapons-useable uranium, 2.7 kilograms, was in Prague in December of that year. The largest seizure of weapons-useable plutonium outside the FSU occurred in Munich in August 1994, carried on a Lufthansa flight from Moscow. All seizures of weapons-useable material have been in small quantities insufficient for nuclear weapons construction by themselves.

In 1995, a large number of incidents did occur involving illicit trafficking of nuclear materials, but there were no reported cases involving weapons-useable material. The fact that no weapons-useable cases were noted does not necessarily mean that none occurred.

Because of pervasive crime and corruption as well as continued poor economic conditions in the countries of the former Soviet Union, illicit trafficking of nuclear materials continues to be of concern for U.S. national security.

- Chemical Warfare: Regarding chemical weapons proliferation, reports indicate that Russian officials and organizations have attempted to sell chemical weapons-related technology and chemicals. For instance, the Russian official selected by Yeltsin to implement chemical weapons arms control, Anatoli Kuntsevich, was implicated in a program to sell chemical weapons-related chemicals to Syria. Yeltsin removed Kuntsevich from his position in 1994, but it is unclear whether this was due to his proliferation activities. As he probably influenced the hiring of personnel who have since replaced him, illicit activities in organizations he once controlled may still continue. Unconfirmed reports indicate that he was involved in the proliferation of other technology into the region. Concerns about proliferation are not limited to this one man; others are likely to be involved in similar activities.



Russia has taken some very disturbing positions regarding CW arms control that might increase the danger of chemical weapons proliferation. For instance, the country has implied that it need not declare all production facilities designed, constructed, or used at any time, since 1 January 1946, for making chemical weapons under the Chemical Weapons Convention (CWC). These facilities should be declared and be subject to international inspection and destroyed, or converted in a manner consistent with the provisions of the CWC. Reports have suggested that Russia produced more chemical weapons than publicly declared and that a binary program was initiated to circumvent the verification provisions of the CWC. Each of these adds to the danger that Russia will become a source of chemical weapons and chemical weapons know-how.

- Biological Warfare: All Third World BW proliferants are apparently seeking BW-enabling technologies and expertise wherever it can be found. Common methods for acquiring such technologies include intelligence operations, cooperative scientific agreements, Internet scientific and technical data bases, and outright overt or covert purchases. All BW proliferants are of concern, but the possibility of BW expertise and technology flow from Russia to Iran, Iraq, Syria, and Libya is of particular interest. Any movement of BW agent production technologies, BW defense technology, or BW weapons fabrication, testing, and modeling technologies would significantly increase the pace of BW proliferation in those countries seeking those technologies.

Russia's offensive BW program is a source of both personnel and technologies for a would-be BW proliferant. Following the break-up of the Soviet Union, there was a massive scientific brain-drain from Russia. Technologies became widely available through numerous sources. There has been an overall slowing of the scientific personnel bleed in recent years, primarily because those who could leave Russia, have. Last year, reportedly 25-50 percent of scientists younger than 45 years old left, from one Russian BW institute alone.

Contrasted with the slowing trend of the brain-drain, equipment and specialized technologies with dual-use applications are routinely available on the open market. For example, one of the Russian offensive BW facilities has a catalog of nutrient media for sale. Some of these media are specific for growth of bacteria that can be used as offensive BW agents. They can also be used in a hospital laboratory for medical diagnostics. Another Russian BW facility advertises aerosol chambers for sale. These likewise have legitimate research applications. Although the evidence is sparse, the possibility that weapons technologies, such as delivery systems and sub-munitions, are being made available through other sources cannot be ruled out.

- Ballistic Missiles: Russia is known to be marketing worldwide dual-use technology, which may enhance a purchasing country's ballistic missile program. Some of the dual-use technology is most likely covered by the Missile Technology Control Regime (MTCR) Annex. Another possible conduit for the transfer of ballistic missile-applicable

technology is through aerospace-related joint ventures. Both Russia and Ukraine are pursuing such cooperation.

**Question 4. North Korea's Military Capabilities.** The economic situation in North Korea has continued to deteriorate with severe food shortages occurring this winter.

a) What is the likelihood that North Korea will invade the south in the next year? Under what circumstances would a war be likely?

b) What is the likelihood that North Korea will comply with the nuclear agreement and reallocate resources away from the military?

c) How strong is Kim Jong-il's hold on power? What is the likelihood that he will still be in power one year from now?

d) What is your assessment of the likelihood that the nation of North Korea will continue to exist in its current state 15 years from now?

**Q4.a:** The economic situation in North Korea has continued to deteriorate with severe food shortages occurring this winter. What is the likelihood that North Korea will invade the south in the next year? Under what circumstances would a war be likely?

**A:** The threat posed by the North Korean military is real. However, analysis of the present situation suggests that the probability of conflict is, at present, fairly low.

The North is facing enormous economic and political challenges that it is trying to address through a multi-faceted approach emphasizing engagement with the United States and maintenance of substantial military capabilities beyond those needed for defense. However, overall military readiness and combat capabilities of the military have begun to decline due to a lack of resources and decreases in field training.

- Worsening food shortages and discipline problems are degrading the North Korean Army's capabilities.

- Most of the noticeable North Korean military activity has been directed at enhancing internal control at the expense of field training. We judge North Korea's capability to conduct large-scale combat operations required for an integrated warfighting campaign will continue to erode if this trend is not reversed. The North Korean leadership wants to maintain its existing military capabilities. The two objectives are not mutually exclusive and can be pursued simultaneously. Some of the military moves we have seen in the past few months, such as air force restructuring in the fall, have no direct connection with internal problems. In monitoring the North Korean military, we are trying to avoid becoming fixated on single-issue explanations for its military activities.

Apart from a full-scale offensive, the North has the capacity to increase tensions on the peninsula if pressed too hard by internal or external forces. These range from actions

similar to those in the Joint Security Area in early April to large-scale exercises, to actual use of force.

The present low risk of war also could increase during periods of uncertainty, such as regime change or internal instability. The risks of major conflict would be higher because of increased potential for miscalculation and escalation.

**Q4.b: What is the likelihood that North Korea will comply with the nuclear agreement and reallocate resources away from the military?**

A: There is every indication that the North is complying with the nuclear agreement. The freeze remains in place on all covered nuclear facilities. The processes of stabilizing the spent fuel pond and canning the spent fuel rods for long-term storage are on track.

We have not seen any significant indications, however, that North Korea will fundamentally reallocate resources away from the military. Short of significant regime change, it is unlikely that North Korea will shift significant resources from the military. The military -- both regime guardian and the greatest latent institutional rival to the Korean Workers Party -- potentially has tremendous leverage and should be able to protect its pride of place under most circumstances.

**Q4.c: How strong is Kim Chong-il's hold on power? What is the likelihood that he will still be in power one year from now?**

A: We assess that Kim Chong-il remains firmly in charge and we do not see signs of near-term political disintegration, imminent economic and social collapse, or challenges to Kim Chong-il's leadership. We have no simple answer to why Kim has failed to date to assume the formal positions of power his father held -- the office of President and General Secretary of the Korean Workers' Party. However, we have not detected any significant weakening of central control, references to alternative centers of power, or any convincing evidence of increasing factional splits within the elite. The relationship between Kim Chong-il and the military is symbiotic, and we see no reason to believe either party would act to hurt the other when their collective survival is at stake. Evidence for social unrest is extremely thin and suggests the early stages of a fraying of the edges of the "social fabric" rather than imminent collapse.

However, the economic problems facing North Korea are severe and are likely to increase in the next few months. We do not see signs of imminent collapse, although some critical junctures are looming nearer. Kim is faced with pressing food, raw material, and energy shortages. In tightly controlled North Korea, however, neither a declining standard of living nor food shortages should be presumed to spark uprisings against the government, much less its overthrow. Deteriorating economic conditions are a potential catalyst for upheaval, but only in concert with political, social, or military changes. Without more indicators of a combination of economic and other factors converging, assessments of

near-term worsening threats to internal stability are highly speculative. The economic situation may not be regime threatening in the near term due to the ability of the leadership to control internal dissent, the historical resourcefulness of the regime, and a submissive population long inured to deprivations.

**Q4.d: What is your assessment of the likelihood that the nation of North Korea will continue to exist in its current state 15 years from now?**

A: The likelihood that North Korea will continue to exist in its current state 15 years from now is low to moderate. Unless solutions to the North's economic problems are found, the regime will not be able to survive. It will have to adapt, slide into irrelevance, or collapse/implode. This has led many analysts to believe a process of political self-destruction has begun with potential for system collapse within 3 years. While North Korea's future looks grim, Kim Chong-il does not appear ready to surrender or negotiate unification. North Korea's leaders are committed to avoiding concessions which would undermine their rule. They give every impression of intending to keep North Korea a going concern indefinitely. The North could be successful in staying the course and riding out bad harvests and weather, right itself, and continuing to maintain a separate system from the South. The economic situation may improve enough to enable the leadership to control internal dissent and continue to rule a compliant population acclimated to deprivations.

Alternatively, if through regime change and/or growing concerns, the North's leaders accept the inevitability of unification, accommodations with the South could be achieved, which would produce necessary assistance and support to North Korea to improve living conditions to allow for a "soft landing."

**Question 5. India and Pakistan Nuclear Programs.** Press reports have indicated that India has made preparations to test a nuclear weapon. What is the likelihood that India will test a nuclear weapon this year? If it did so, what is the likelihood that Pakistan would respond with a nuclear test of its own? Would these nuclear tests lead to war between the two nations?

**Q:** Press reports have indicated that India has made preparations to test a nuclear weapon. What is the likelihood that India will test a nuclear weapon this year?

**A:** DIA does not believe the likelihood of an Indian nuclear detonation this year is high. India has little to gain by a single test and much to lose from international sanctions. Since 1974 it has had a weapon that can serve as a deterrent against Pakistan. Should India decide to develop a suite of nuclear weapons, it would plan a series of tests, for which extensive preparation -- both political and engineering -- would be required.

**Q:** If it did so, what is the likelihood that Pakistan would respond with a nuclear test of its own?

**A:** DIA believes that the likelihood is high that Pakistan would make every effort to respond, as soon as possible, to an Indian test with a test of its own. The leadership in Islamabad would feel a strong necessity to demonstrate an ability to counter an Indian nuclear capability with a capability of their own. This attitude would stem from both a genuine fear of the dominant power of India and deep public demand.

**Q:** Would these nuclear tests lead to war between the two nations?

**A:** Despite the great underlying hostility between the two nations, a mutual demonstration of nuclear capability would not immediately result in war between them. DIA believes that in this case deterrence would be effective -- at least for the time being. Pakistan probably believes it would lose any such war and India, at this time, would not endanger its economic growth by an adventure that would be sure to severely weaken its chances for continued development for years to come.



**Question 6. China-Israel Relationship.** Does the China-Israel relationship include the sharing of technology related to weapons of mass destruction and missile technology? Does the China-Israel relationship raise concerns that U.S. state-of-the-art technology provided to Israel may be transferred to China through Israel?

A: In December 1991, a former Chinese senior missile scientist claimed that "Israel sold the PRC cruise missile technology and was of great help in developing the Chinese ballistic missile program." The information, though not yet confirmed, was revealed at an international symposium on arms proliferation held at the University of Wisconsin. In addition, the U.S. government has alleged publicly that Israel had transferred missile weapon systems to China containing U.S. technology. Among the systems cited were the Patriot and Python missiles.

**Question 7. Iran's Nuclear Weapon Capability.** What is the current status of Iran's nuclear weapon program? What kind of assistance is Russia providing to Iran's nuclear weapon program? What is the likelihood that Israel will conduct a military attack against Iran if Iran successfully develops a nuclear weapon? What is the status of Iran's BW and CW programs?

**Q: What is the current status of Iran's nuclear weapon program?**

A: Since the end of the war with Iraq, the government of Iran has initiated both civilian and weapons-related nuclear efforts, despite having signed the Treaty on the Non-Proliferation of Nuclear Weapons. Moreover, Iran has mounted a concerted effort to obtain both fissile material and nuclear technology to support nuclear weapons development. These efforts, unfortunately, continue. Iran has also unsuccessfully sought heavy water research reactors even though such technology has no use or value in its light water reactor-based civil nuclear power program. Iran's interest in uranium enrichment and spent fuel reprocessing, activities with no economic justification in Iran's civil nuclear energy plans, further indicate Iran's desire for the capability to produce fissile materials for nuclear weapons. We generally agree with previously published estimates that Iran is 8-10 years away from having a nuclear weapons capability.

**Q: What kind of assistance is Russia providing to Iran's nuclear weapon program?**

A: Russia has become a major supplier of nuclear technology to Iran. A bilateral contract, signed in January 1995, will provide Iran with a light-water reactor located at Bushehr by the year 2000. This contract, valued in excess of \$800 million dollars, will also include the training of Iranian nuclear scientists. This comprehensive agreement will greatly facilitate Iran's understanding and handling of nuclear materials and technology. Moreover, such cooperation will also serve as a conduit for further nuclear-related agreements in other areas.

**Q: What is the likelihood that Israel will conduct a military attack against Iran if Iran successfully develops a nuclear weapon?**

A: We believe Israel would likely view with great concern developments leading to such a capability. Were Iran to successfully develop nuclear weapons, the negative impact upon regional stability would be significant and run counter to the security interests of numerous countries in the Middle East region.

**Q: What is the status of Iran's BW and CW programs?"**

A: Iran has maintained an offensive BW program since the mid-1980s, with the intent of developing BW weapons. Iran has the requisite scientific and technical infrastructure needed to develop and field BW weapons. Like other BW proliferants in the region and elsewhere, Iran has been successful in acquiring necessary dual-use equipment for

biological agent R&D and production. Efforts are underway to conceal the location(s), pace, and direction of the offensive program. Iran's BW program has the momentum to mature into a weapons capability and to pose a regional threat during the next decade.

Iran has an active chemical warfare program. It produces a variety of agents and may have as much as 2,000 tons of agent in its stockpile. It has continued to upgrade and expand its chemical production infrastructure and chemical munitions arsenal since signing the CWC in 1993. As part of this expansion, Iran is making long-term capital improvements to its CW program, suggesting that it intends to maintain a CW capability well into the future.

**Question 8. Iran's Conventional Weapon Build-up.** On page 19 of your prepared testimony, you state: "Iran's conventional build-up is focused primarily on its capability to control access to the Arabian (Persian) Gulf through the Strait of Hormuz. Two Kilo submarines, Chinese antiship cruise missiles, and improved aerial refueling capability all attest to that interest." To what extent do these activities pose a threat to U.S. interests?

A: Iran has stated publicly that it intends to be able to control access to the Arabian Gulf through the Strait of Hormuz, and has worked to improve its military capability to do so. Acquisition of Kilo submarines, Chinese C802 antiship cruise missiles and C802-capable guided missile patrol craft, and indigenous advances in aerial refueling capability add significantly to Tehran's ability to project a layered coverage of the Strait.

Tehran's layered coverage of the Strait of Hormuz will likely include Kilo submarines working in conjunction with ship-launched antiship cruise missiles from guided missile patrol craft, naval mines, coastal defense antiship cruise missiles, coastal artillery, surface-to-air missiles, and surface ships. Kilo submarines operating in the approaches to the Strait of Hormuz could threaten shipping and warships in a period of heightened tensions. C802 missiles fired from ships, and possibly in the future from shore-based batteries, could pose a significant threat to ships in the constricted waters of the Strait of Hormuz and Arabian Gulf. Since a large percentage of the world's oil transits the region, even the threat of Iranian action could affect the price of oil and shipping insurance rates worldwide.

Iran has had an air refueling capability for many years with its U.S. fighter aircraft and U.S.-supplied tankers. Tehran has probably begun to adapt its Russian-supplied aircraft to maintain the tactical flexibility provided by air refueling. Through air refueling, fighters can maintain combat air patrols longer, can carry larger bomb loads, and in the case of attack missions, will be able to fly longer distances to attack targets.

**Question 9. Saddam's Hold on Power. What is the likelihood that Saddam will be in power one year from now? To what extent has his control over Iraq diminished in the last year?**

A: Even though political, social, and economic conditions in the country have deteriorated under UN sanctions, Saddam's departure from the Iraqi political scene does not appear imminent. Nonetheless, his sudden removal from power remains possible. Family strife or penetration of Saddam's security rings could remove him at any time. So far the disparate opposition forces have not united to create an effective anti-Saddam front. Given the lack of a capable, credible opposition around which disaffected Iraqis can rally and the continued integrity and effectiveness of the security apparatus, Saddam is likely to remain in power for the coming year.

**Question 10. Cuba's Military. What is the Cuban military's current capability and does it in any way pose or have the potential to pose a threat to the United States? Does Castro continue to have the support of his military? What are the prospects for change in this relationship?**

**Q: What is the Cuban military's current capability and does it in any way pose or have the potential to pose a threat to the United States?**

A: Cuba's economic crisis has reduced its military to a strictly defensive force with a capability now comparable to that of the major South American countries. Havana is no longer able to logistically support overseas deployments, but retains the ability to defend the island against exile attacks. Some 75 percent of all major equipment has been stored and personnel strength has declined by 50 percent since 1989 to approximately 60,000 regular troops. These troops spend about half their time on business and productive activities that finance the armed forces budget, feed the troops, and help support the national economy. An additional 70,000 paramilitary personnel belonging to the Youth Labor Army are devoted full-time to supporting the civilian economy and receive only basic infantry training. Morale is poor in the enlisted ranks, but is generally good among officers.

The Cuban military poses little threat to the southeastern United States due to severe fuel and spare parts shortages, the non-operational status of most naval vessels and aircraft, and its desire to avoid military confrontation with the U.S. Havana's two submarines will almost certainly never run again, and its few functional surface vessels no longer venture into international waters. Only some two dozen fighter aircraft continue to be used, and they studiously avoid confrontations with U.S. military aircraft. However, Cuba's missile attack boats, antisubmarine warfare vessel, and fighter and transport aircraft all have maximum ranges that would allow them to reach Florida if so ordered. A Cuban attack on the U.S. mainland would probably only be contemplated by Havana in the event of a U.S. invasion of the island.

Cuban military strategy and training focus on resisting a U.S. invasion through the use of anti-air artillery, coastal mines, and irregular ground warfare. We judge that conventional Cuban forces would be unable to significantly hinder U.S. forces. The ground forces retain their emphasis on armor and motorized infantry units, but training focuses on basic skills and readiness levels are low. However, large amounts of stored equipment, many miles of underground tunnels, and civilians as well as soldiers trained in guerrilla warfare give the Cuban government the potential to prolong a U.S. ground invasion through unconventional means. The continued corrosion of stored weapons and minimal training for civilians and soldiers, though, are progressively reducing Cuba's potential resistance capability.

**Q: Does Castro continue to have the support of his military? What are the prospects for change in this relationship?**

A: The Cuban armed forces continue to fully support Fidel Castro. Military leaders agree with the President's policy of gradually transitioning Cuba from a command to a mixed



economy while retaining the Communist Party's monopoly on political power. Only in the event of a national economic collapse or widespread popular uprisings, neither of which appears likely to occur in the next several years, might the military consider withdrawing this backing and supporting a different president or major changes in the political system.

**Question 11. Russia-Cuba Relationship.** Please describe the current Russian-Cuban military relationship, with a particular focus on the Russian listening post at Lourdes.

a) What intelligence are the Russians collecting through Lourdes? In what ways, if any, is Russia assisting the Cuban military?

b) What is the construction status of the Soviet-designed nuclear reactor at Juragua? What threat, if any, does completion of this reactor pose to the United States?

**Q11.a: What intelligence are the Russians collecting through Lourdes?**

A: The Lourdes signals intelligence (SIGINT) facility near Havana, Cuba is the largest Russian SIGINT site abroad. The strategic location of Lourdes makes it ideal for gathering intelligence on the United States.

Russia's SIGINT effort at Lourdes is carried out by Russian military intelligence (GRU) and the Federal Agency for Government Communications (FAPSI). The FAPSI evolved in the early 1990's from the former KGB's SIGINT service. According to Russian press sources, the Russian Foreign Intelligence Service (SVR) also has a communications center at the facility for its agent network in North and South America.

From this key facility, first the Soviet Union and now Russia have historically monitored U.S. commercial satellites, and sensitive communications dealing with U.S. military, merchant shipping, and Florida-based NASA space programs. According to a 1993 statement by Cuban Defense Minister Raul Castro, Russia is said to obtain 75 percent of its military strategic information from Lourdes.

The Lourdes facility enables Russia to eavesdrop on U.S. telephone communications. U.S. voice and data telephone transmissions relayed by satellites visible to the facility are vulnerable to Russian intercept. Although sensitive U.S. government communications are encrypted to prevent this intercept, most other unprotected telephone communications in the United States are systematically intercepted.

In addition to its military strategic value, Lourdes will increasingly be used to support the Russian economy, a current FAPSI priority. In addition to unprotected commercial information, personal information about U.S. citizens in the private and government sectors also can be snatched from the airwaves and used by Russian intelligence to identify promising espionage recruits in these sectors.

In October 1995, Cuba and Russia produced an agreement on the continued functioning of the site until the year 2000. Although the amount of Russian compensation for the site is unclear, a 1994 agreement called for Russia to provide Cuba approximately \$200 million worth of fuel, timber and spare parts for various equipment, including military, for the operation of the facility during that year.

**Q11.a (continued): In what ways, if any, is Russia (intelligence) assisting the Cuban military?**

A: The Cuban and former Soviet intelligence services previously had a close working relationship. The current degree of cooperation with Russia is unknown, however, it is assumed that some cooperation continues in areas of mutual interest and as compensation for the continued operation of Lourdes. Because of the importance of Lourdes to Russia and Cuba, SIGINT would ideally be one area of possible cooperation.

**Q11.b: What is the construction status of the Soviet-designed nuclear reactor at Juragua? What threat, if any, does completion of this reactor pose to the United States?**

A: The Juragua Nuclear Powerplant is planned to contain two 440,000 kilowatt units; it has been under construction since 1981. Construction ceased in 1992, however, due to Russia's unwillingness to provide the necessary financing. Havana has been unable to secure a third-party investor in the plant, making its completion unlikely. If an investor is found, it will take about 3-4 years to complete the first of the two units.

Currently, the first reactor is 75 percent complete and the second reactor is about 50 percent finished. If, or when, the facility becomes operational, it is not expected to be a significant proliferation concern. The reactor is a light-water power reactor and uses low enrichment uranium fuel. The design is not conducive to the production of plutonium for a weapons program. In the unlikely event that an accident breaches the dome and releases radiation in the atmosphere, it could present a safety hazard for the United States. It is more likely that an accident would be contained within the powerplant.

**Question 12. Threat of Terrorists Biological, Chemical, or Radiological Weapons.** The sarin gas attack in the Tokyo subway last year highlighted the danger of a terrorist attack using chemical, biological or radiological weapons.

a) Do we have any indications of terrorist organizations developing a capability to use any of these weapons? What are the prospects of a state sponsor providing such a weapon to a terrorist group?

b) The Aum Shinrikyo attack proved that deadly chemical weapons could be manufactured easily in small laboratories. What is the likelihood that the U.S. Intelligence Community could detect such an effort by a terrorist organization either in the United States or abroad?

**Q12.a:** The sarin gas attack in the Tokyo subway last year highlighted the danger of a terrorist attack using chemical, biological or radiological weapons. Do we have any indications of terrorist organizations developing a capability to use any of these weapons? What are the prospects of a state sponsor providing such a weapon to a terrorist group?

A: We have no conclusive information that any of the terrorist organizations that we monitor are developing chemical, biological or radiological weapons. Most of the state sponsors have chemical or biological or radioactive material in their stockpiles and therefore have the ability to provide such weapons to terrorists if they wish. However, we have no conclusive information that any sponsor has the intention to provide these weapons to terrorists.

**QUESTION 13:** Intelligence has undoubtedly played an important role in helping the Bosnia operation run smoothly. But what are the shortfalls in Intelligence Community support to the Bosnia operation and what is being done to rectify these problem areas? What is your assessment of the likelihood that the parties will continue to comply with the Dayton Accord and the IFOR Commander Directives? In the longer term, what are the key determinants in establishing stability in Bosnia and the region?

**Q:** What are the shortfalls in Intelligence Community support to the Bosnia operation and what is being done to rectify this problem?

A: 1) Effective dissemination remains difficult. Consumers are overwhelmed by the amount of intelligence available, although forwarding selective intelligence to key consumers and community elements should improve support.

-- Producers require a clear understanding of each consumer's needs because no standard procedures exist for the dissemination of crisis intelligence.

-- Additionally, more efficient search engines and methods for hyperlinking products are needed for intelligence dissemination systems such as Intelink, JDIIS, and LOCE.

2) Failure to adequately identify trends in activities or non-activities which could be useful for predictive analysis is also a problem. Some operational and tactical commanders are concerned that intelligence, particularly national-level, is not sufficiently predictive and has to be "pushed" into considering the future.

-- Solutions here require continued sensitivity to consumer needs, and building of regional and technical expertise in the community, as well as solid coordination between intelligence agencies at all levels.

3) Existence of multiple information systems places increasing demands on consumers for hardware, financing, training, technical expertise and maintenance. The lack of interoperability among all these various systems has created confusion and frustration. Moreover, the increasing numbers of these systems is taxing existing communications systems/networks.

-- In order to rectify these problems, NMIPC initiated an internal Lessons Learned effort in early March. A dissemination working group was established to focus on the problems of hard copy and large format product dissemination. A number of actions are underway which include:

-- A consolidated crisis intelligence distribution list which will be coordinated with the dissemination program managers within EUCOM to ensure all relevant US, NATO and IFOR Commanders and key units receive our products.

-- A review of hard copy product dissemination standard operating procedures (SOP) is being conducted to identify bottlenecks and reasons for them. Corrective actions will be prescribed and incorporated into a revised SOP; the SOP will be made available on INTELINK for future reference and update.

4) National and theater resources need to be better synergized for maximum efficiency in meeting policy, operational, and tactical decisionmaker needs.

-- The mismatch between collection capability and exploitation resources needs a serious review. Particularly important in this review will be an examination of the unique challenges posed by the political-military environment confronted during "other than war" scenarios such as peacekeeping missions.

**Q: What is your assessment of the likelihood that the parties will continue to comply with the Dayton Accord and the IFOR Commander Directives?**

A: Formerly warring faction (FWF) compliance with the military aspects of the Dayton Agreement continues to be selective. FWF compliance with the civilian aspects of the Accords is marginal to poor. The factions will continue to cooperate with the letter of the Dayton Accords and do what they must to avoid IFOR using force against them. All sides will continue to press the limits of the Dayton Agreement and attempt to renegotiate certain aspects of the agreement. Overall, continuing factional disruption of the civilian aspects of Dayton will increase pressure on IFOR to expand its mission beyond the tasks specified by the Dayton Accords.

*On the positive side:*

- FWF have complied with requirements to vacate the zones of separation (ZOS), the 10 km zone and areas of transfer.
- continue to provide data on minefields and to clear them.
- FWF continue to move air defense equipment and heavy weapons into cantonment areas; demonstrated general intent to comply with demobilization and storage of weapons requirements.
- FWF have released all prisoners as required by the Dayton Accords.

*On the negative side:*

- FWF continue to restrict freedom of movement for civilians by setting up illegal checkpoints.
- FWF have not achieved full compliance with 18 April requirement to withdraw all heavy weapons and forces to IFOR-designated cantonment and barracks areas and demobilize forces not within cantonment areas; FWF compliance in this area is



hampered by poor command and control, fuel shortages, logistics constraints and mutual mistrust.

- Some foreign forces, most notably members of the Iranian Revolutionary Guards Corps and foreign Mujahedin, remain in Bosnia.

*With regard to civilian aspects of the Dayton Agreement:*

- Bosnian Muslims and Croats have not implemented agreements to establish functioning Federation institutions.

- The law on defense, creating a unified Muslim-Croat Federation army, has not yet been enacted by the Bosnian parliament.

- Bosnian Croats have not completely disestablished the separate Bosnian Croat government for Bosnia-Herzegovina

- Slow deployment of the international police force has raised anxieties on all sides, a fact that contributes to low confidence in the Dayton Accords; this increases the pressure for IFOR to implement civilian aspects of the agreement

- Continued lack of cooperation with IPTF from local Federation police.

- Slow progress in identifying and allocating economic support for reconstruction projects also threatens to undermine support for the Dayton Agreement; for example, Bosnian Serbs believe the Federation is receiving a disproportionate share of the planned reconstruction funds

- Lack of planning for elections, slated to be held before the IFOR mandate ends, is a serious gap between civilian and military implementation

**Q: In the longer term, what are the key determinants in establishing stability in Bosnia and the region?**

A: 1) The prospects for establishing long-term stability in Bosnia are grim. The key to establishing long-term stability in Bosnia is the ability to strengthen and integrate the political and economic institutions of the country. Massive foreign aid is required to rebuild the economy and create a viable, integrated state. The transition from a wartime to a peacetime economy will be difficult due to the destruction of significant portions of Bosnia's infrastructure. In addition, Bosnia's shattered economy cannot absorb the tens of thousands of soldiers that must be demobilized. Moreover, large numbers of refugees will have to be supported by international aid agencies because they will not be able to return to their homes. The ability to grow economically will also have an impact on the establishment of democratic institutions because the populace will not be eager to take part in a free democratic system that cannot support them.

2) Other issues that will affect the stability of the country are the ability of the FWF to solve territorial and ethnic issues which caused the conflict in the first place. These issues

include resolution of FWF access to Breko, the building of a road to Gorazde and making adjustments to the inter-entity boundary line.

**Question 14. Ballistic Missile Threat to the U.S.** On pages 21-22 of your prepared statement, you state: "The Intelligence Community has concluded that no country, other than the major declared nuclear powers, will develop or otherwise acquire a ballistic missile in the next 15 years that could threaten the contiguous 48 states; only a North Korean missile in development, the Taepo Dong 2, could conceivably have sufficient range to strike portions of Alaska or the far western Hawaiian Islands."

a) Does the Defense Intelligence Agency share this view?

b) Some individuals have questioned whether intelligence on the long-range missile threat to the United States has been politicized--particularly regarding the status of North Korea's Taepo Dong 2 long-range missile. In your opinion, has DIA and the rest of the Intelligence Community been consistent over the last several years regarding its assessment of the long-range ballistic missile threat to the continental United States? Please explain.

**Q14.a:** On pages 21-22 of your prepared statement, you state: "The IC has concluded that no country, other than the major declared nuclear powers, will develop or otherwise acquire a ballistic missile in the next 15 years that could threaten the contiguous 48 states; only a North Korean missile in development, the TD-2, could conceivably have sufficient range to strike portions of Alaska or the far western Hawaiian Islands." Does the DIA share this view?

A: Yes. The DIA analysts responsible for the detection of possible indicators of ballistic missile developments (including indicators of interest in ballistic missiles) believe that North Korea is the only country that possibly combines the necessary resources and motivation required for a serious attempt to develop or otherwise acquire a ballistic missile in the next 15 years that could threaten any portion of the United States.

**Q14.b:** Some individuals have questioned whether intelligence on the long-range missile threat to the U.S. has been politicized -- particularly regarding the status of North Korea's TD-2 long-range missile. In your opinion, has DIA and the rest of the IC been consistent over the last several years regarding its assessment of the long range missile threat to the CONUS? Please explain.

A: Yes. The IC has for decades believed that the missile threat to CONUS (i.e., to the contiguous 48 states) was exclusively a threat from the Former Soviet Union (FSU) and China. The IC has for the past decade warned that several nations hostile --or potentially hostile -- to the U.S. were fielding missile forces able to target U.S. allies and regionally deployed U.S. forces, but not CONUS.

In the IC's view, Russia and China are the industrialized countries with intent to target CONUS. Although other industrialized countries with missile and space programs have the capacity to develop intercontinental missiles, the IC has never judged that they would do so. For the emerging, Third World countries, the tremendous economic and technical demands associated with producing an ICBM have made it very difficult to proceed with anything more than a token program.

The possibility of a Third World country acquiring an ICBM from one of the acknowledged nuclear powers has been evaluated repeatedly. It is judged that the acknowledged nuclear powers are unlikely to sell a missile that, potentially, could be used against them. Also, the costs and difficulties associated with acquiring an entire missile system and the training and facilities necessary to maintain, target, and launch the missile successfully pose formidable obstacles to potential Third World attempts to do so.

**Question 15. Environmental Devastation in Russia.** Recently, there has been increasing concern regarding the environmental devastation in Russia, particularly pollution caused by the Russian nuclear complex in northern Russia.

a) To what extent does this situation present a threat to U.S. national security interests? What are our intelligence capabilities to monitor this situation?

b) Please describe the joint U.S.-Russian environmental program. What will be the benefits of this program to the U.S.? To Russia?

**Q15.a:** Recently, there has been increasing concern regarding the environmental devastation in Russia, particularly pollution caused by the Russian nuclear complex in northern Russia. To what extent does this situation present a threat to U.S. national security interests? What are our intelligence capabilities to monitor this situation?

**A:** The threat to U.S. national security interests from environmental devastation in Russia is assessed to be low. Continued environmental degradation within Russia can potentially have a negative affect on our NATO allies and the International Community (such as ocean fisheries). This could require U.S. aid in the form of technology or monies. Two types of environmental devastation that are of concern are catastrophic and insidious.

The catastrophic type has devastating immediate affects and a long-term, negative impact, particularly an explosive event which creates an atmospheric cloud with toxic debris. This type of Russian environmental devastation is characterized by the Chernobyl nuclear reactor accident. Beyond the actual devastation of the Russian population and loss of territory is a very powerful psychological trauma in those countries that are closest to Russia. The Russians have acknowledged that their largest nuclear-related pollution issue is the millions of gallons of liquid radioactive waste. In addition to this liquid waste, the well-publicized concern with Russian nuclear power reactor design lacking containment, maintenance problems, and dumping of naval reactors in northern ocean waters are thought to pose a potential for an international incident that can negatively impact U.S. national security interests.

The insidious type is characterized as having long-term affects on people and crops. It is concentrated in small areas, spreads slowly via the water table or wind, and pollutes all water. This type of environmental devastation is pervasive throughout all Russian rivers and areas down wind of large industrial sites. Insidious pollution is likely occurring on the floor of the northern oceans where naval nuclear reactors and chemical weapons were dumped. The incipient environmental pollution is particularly damaging to those living in Russia or eating seafood from the northern waters. In fact, some U.S. scholars feel that this type of pollution may be altering the gene pool of Russians. Insidious environmental degradation could affect U.S. national security interests if it causes instability within Russia or the Russian dumping of toxic or nuclear wastes causes an international incident, such as contamination of world fishery stocks.

U.S. intelligence capabilities to monitor catastrophic and insidious environmental devastation are limited and not well defined. In addition, there is little priority within the Defense Intelligence Community for environmental-related topics. The U.S. is most likely to learn about environmental devastation in Russia via the news media and nongovernment organizations.

**Q15.b: Please describe the joint U.S.-Russian environmental program. What will be the benefits to the U.S.? To Russia?**

A: The U.S.-Russian environmental program is a bilateral scientific effort focused on the application of Russian and U.S. space assets in order to jointly support development of environmental assessments in selected issues and geographic locations. The environmental program comprises five scientific projects: Disaster; Military Base Clean-up; Forestry and Land Use; Oil and Gas; and Arctic Climatology. During the bilateral meetings, scientists exchanged their thoughts on project management, to include their respective scientific approaches, techniques, and databases. Then each country prepares its research plan for the geographic location in the other country and carries it out by applying its scientific method, knowledge, and remote sensing assets -- derived products from space assets. At the completion of the project, each country will provide the other country with pictorial and data products of the sites studied. To date, the only environmental remote-sensing products exchanged has been from the military base clean-up project.

The greatest benefit derived by both the U.S. and Russia is the "confidence building" being established between the environmental scientists and associated governmental officials of the U.S. and Russia. Both groups are establishing a common ground for communication with an exchange of ideas, and developing a professional understanding of each other's approach to the business of monitoring and assessing the environment.

U.S. scientists are afforded an opportunity to: obtain data and access previously denied geographical locations; access unique long-term environmental data bases; observe previously denied scientific cultures and methodologies; and develop an understanding of Russian remote-sensing capabilities. In addition, they will gain access to data from different scientific equipment and measuring devices based on different meteorological philosophies.

Russian scientists are afforded an opportunity to: obtain data from calibrated digital measuring systems; access U.S. experimental methodology; profit from U.S. experience at developing derived products; and develop an understanding of U.S. remote-sensing capabilities. In addition, they may also gain an understanding of how the U.S. develops and uses geographic information systems for our environmental assessments.

**Question 16. HIV and Military Forces: A Global Perspective. What are the rates of HIV infection among military forces around the world, and how will these rates change in the coming years? In the forces with high levels of HIV infection, what has been the impact on performance, overall combat capabilities, professionalism,**

leadership continuity, and the political roles and reliability of military forces? Is it feasible for the United Nations to deploy exclusively HIV-free troops in peace operations? How does the presence of HIV infected troops affect peace operations? Does the HIV infection rate in an area of operations affect whether a proposed peace operation is undertaken? What are the implications of the global HIV pandemic for U.S. military operations? What other infectious diseases are having a significant impact on foreign militaries and societies?

**Q: What are the rates of HIV infection among military forces around the world, and how will these rates change in the coming years?**

A: Infection rates within military populations constitute sensitive information many governments try to conceal. In most of the countries where overall HIV infection rates are high, the infection rates in the military forces are either similar or even higher than the comparable age groups in the general population. This translates into military infection rates above fifty percent in the hardest hit countries, which are in Sub-Saharan Africa, where the disease has been active the longest. In most other countries the infection rates are much lower. The world's major military powers have negligible infection rates, a trend unlikely to change in the years ahead.

**Q: In the forces with high levels of HIV infection, what has been the impact on performance, overall combat capabilities, professionalism, leadership continuity, and the political roles and reliability of military forces?**

A: Even in countries where rates are high or have been increasing, their forces can be buffered from the impact of HIV disease. By itself, being infected with HIV does not affect the performance of soldiers or their units. Capabilities and performance of a military unit depend on the nature of its mission and on how many members of the unit are impaired or incapacitated because of HIV-related illness, not merely because they have the virus. Moreover, the incapacitation of soldiers by end-stage HIV disease (AIDS) or an HIV-related illness occurs gradually, during which time it is possible to obtain and train replacements for less specialized jobs.

The impact of HIV does not fall evenly across all ranks or job specialties. Most HIV-positive conscripts can complete their tours of duty before HIV affects their performance significantly. In any case, conscripts are easily replaced - one reason why few governments require that they be HIV-free. Thus, even countries with extremely high levels of HIV infection will unlikely face an overall shortage of military manpower. When large numbers of career officers and noncommissioned officers (NCO's) contract the disease, however, the loss of senior military officers could deprive the organization of its best leaders, disrupt leadership continuity, and make the military an unreliable or unresponsive partner of the civilian government. Especially in developing countries, pilots, mechanics, and technicians, and other personnel whose effectiveness depends upon specialized training and extensive experience are not easily replaced. A combat unit's ability to operate and maintain



sophisticated weapon systems and other military equipment could be compromised by the loss of relatively few personnel with unique skills or qualifications.

**Q: Is it feasible for the United Nations to deploy exclusively HIV-free troops in peace operations?**

A: No. Many countries, particularly developing ones, cannot afford the political and/or economic costs of properly screening troops for UN peace missions. Some of the troops they supply to the UN do have HIV infection. Because the countries with low HIV infection rates do not provide enough troops to fulfill UN needs, the UN does accept forces from countries with high rates of HIV infection. The UN does officially require that troops provided for UN peace operations be "disease free"; however, it does not enforce this requirement consistently, often allowing individual countries to define "disease free" for themselves rather than having every country comply with a generalized UN screening and selection standard. Specifically, the UN does not certify prospective peacekeepers as having undergone appropriate blood testing for HIV infection.

**Q: How does the presence of HIV-infected troops affect peace operations?**

A: To date the presence of HIV-infected troops has had no noticeable strategic, operational, or tactical impact on peace operations. Where peace operations have been fully consensual, the possibility that some personnel might be HIV-positive has never become a major issue. UN standards of conduct for peacekeeping forces help minimize the risk that HIV-positive UN peacekeepers will inadvertently infect comrades or local citizens with an HIV-related disease. Moreover, UN manning policy requires that when any UN peacekeeper becomes sick or injured, the person is relieved of duty, treated, and returned to duty only when and if the person recovers. If the individual cannot be quickly cured, as would be the case with troops who have AIDS or HIV-related illnesses -- pulmonary TB for example -- the individual would be sent home.

Politically, HIV infection in UN peacekeepers could possibly be exploited as an issue by those seeking to undermine a peace operation.

**Q: Does the HIV infection rate in an area of operations affect whether a proposed peace operation is undertaken?**

A: No. The presence of HIV disease in an area of operation does not affect the decision making process leading to a peace operation because the risks related to HIV are manageable. The principle challenge that HIV will present to US military forces will be the continuing need to conduct operations in ways that, while achieving the mission, minimize the risk to US troops of being infected by HIV, or by HIV-related diseases, such as TB.

**Q: What are the implications of the global HIV pandemic for U.S. military operations?**

A: Regarding US capabilities, our forces are well-prepared to operate in a high HIV environment. US military forces already minimize the threat of HIV infection through command emphasis of preventive measures and by supplying their own blood products and health care services. Certain unique missions, such as Special Operations Forces operating independently of US medical support, may entail more risk because they may rely on local health care systems and their attendant risks of infection. Also, US forces interacting with the local populace will be exposed to HIV-related communicable diseases, especially tuberculosis, broadening the medical risks. Lastly, the HIV pandemic will not have a noticeable effect on the military forces or capabilities of any major country that might become US adversaries or allies.

**Q: What other infectious diseases are having a significant impact on foreign militaries and societies?**

A: Infectious diseases having a significant impact on foreign militaries and/or societies include food- and waterborne diseases (e.g., acute diarrheal diseases, hepatitis A, and typhoid fever), vector-borne diseases (e.g., malaria and dengue fever), diseases transmitted via the respiratory route (e.g., acute respiratory infections, tuberculosis, and meningococcal meningitis), and bloodborne/sexually transmitted diseases. Emerging and re-emerging diseases combined with increasing antimicrobial-resistance compound the situation.

Infectious disease rates are highest in societies lacking basic sanitation measures and having inadequate or non-existent health care delivery systems. Medical systems throughout the underdeveloped world are making little progress in meeting the critical health needs of their civilian and military populations as public health infrastructures deteriorate. The prospect for controlling, much less eradicating, any of the militarily-important infectious diseases is all but non-existent in these countries.

Infectious diseases significantly impact foreign militaries that lack adequate preventive medicine both when they are within their own countries and when the forces deploy abroad. Additionally, risk to deployed forces is increased during peacekeeping and humanitarian relief efforts that involve close contact with host-nation and/or multinational forces who are infected with various infectious diseases.

**Question 17.** What programs and/or procedures have you developed to ensure you maintain an adequate and appropriate area expert/linguist core to fulfill your collection and analysis requirement in increasingly diverse geographic and topical areas of responsibility worldwide? Expand on current career management, skills maintenance and enhancement programs, and career paths for both civilian and military personnel. Also address how the needs of the entire Intelligence Community are coordinated and deconflicted to maximize resources and effectively address requirements with the highest priority.

Answer:

1. There are a number of programs used by DIA to address the need for linguist and area analyst skills to fulfill mission requirements. Through our civilian recruitment and staffing program, we continuously seek and place individuals with the appropriate experience and academic backgrounds. All DIA employees are covered by a Career Service Program which is designed to achieve the systematic training, development and career progression of personnel to meet mission requirements. Through individual development plans (IDP's), employees and their supervisors identify training, development and other experiences which will improve, enhance, expand or maintain the employee's skill and level of performance in executing the Agency's mission. Employees are required to participate in a certification process in order to reach the working level within their specialty area. Career service programs have been established for collection and analysts personnel which specifically address area analysis and language skills.

2. With respect to military personnel, it is the responsibility of the military departments to assure that adequate numbers of personnel are acquired, developed and retained with the skills needed by DIA. However, it is DIA's responsibility to clearly, completely and, in a timely manner, state our needs for specialized skills and abilities. We are also responsible for providing separate justifications for positions requiring higher education or other specialized training. Currently, the DIA Joint Manpower Program (JMP) contains requirements for 255 Army Foreign Area Officers, 45 Navy Regional Subspecialties and 18 Air Force Foreign Area Specialists. This constitutes approximately 20% of the officer positions authorized to DIA. In addition, many officers assigned to other positions in the Agency have Area Studies as a secondary specialty.

### 3. Area Analysts

a. Some of the programs and resources currently available to develop and maintain area analysts skills include:

(1) Foreign Service Institute (FSI) area studies courses. FSI offers a two week intensive course as an initial orientation to a specific region or country. A longer 20 week course is offered which is more of a refresher program for the employee who has

been working a specific region/country for a period of time. In addition, the Institute offers a number of one and two day seminars which address current topical issues in a specific country/region and allows the analyst to maintain a current level of expertise. Approximately 50 military and civilian personnel assigned to DIA attend FSI annually.

(2) Analyst Orientation Program. This program provides a two to three week in-country orientation for new area analysts.

(3) Academic Study. DIA sponsors long-term study programs in which employees enroll in full-time educational programs to obtain advanced degrees in area studies. DIA also pays tuition for employees who attend after-hours courses related to their specialty areas.

(4) Country/Regional roundtables, lectures, etc. DIA routinely invites members of academia and other outside experts to update analysts on specific regional and topical areas. These sessions are open to all members of the intelligence community and encourage the exchange of information and ideas between analysts.

(5) Collateral duty/cross training. Employees are given cross-training and collateral duty assignments in order to develop and maintain a secondary expertise in a specific regional area in addition to their primary area of assignment. Emphasis is placed on crisis and high interest topics/regions.

(6) Miscellaneous resources. Analysts are encouraged to participate in professional/academic associations for the topic/region; attend meetings and seminars hosted by think tanks and topically oriented groups within government and the private sector; and independent reading of current literature (the DIA library is geared to meet this need).

b. The Intelligence Community recognizes the scarcity of civilian personnel with sufficient depth of area expertise to fulfill current and emerging requirements. OSD is now developing the concept for a civilian Foreign Area Analyst Program (FAAP), modeled after the Department of Army's military Foreign Area Officer program. The FAAP would require the employee to commit two to three years in training followed by a two to three year assignment at a theater/regional activity. Key elements of the program include graduate-level education, foreign language training, in-country immersion and assignment to a regional activity. It is projected that the program will be initially implemented during FY 1997.

c. Career management for military Area Specialists became a sore point during the Defense reductions of the early 1990's. Typically, officers were selected for such programs upon completing service O-3 level career requirements. However, their 2 to 3 year area/language studies followed by a 3 year utilization tour consumed the normal O-4 level career time. The officer rarely met service promotion requirements and selection rates for area specialists was abysmal. Efforts are now being made to recognize this anomaly

and recent promotion rates have improved. Achieving an appropriate career mix of primary specialty (e.g. combat arms, surface warfare), staff positions and areas studies assignments is a continuing challenge which needs more work within the services and joint arena.

#### 4. Linguists

a. Currently, nearly all DIA positions having a mandatory language requirement are found within the Defense HUMINT Service (DHS), which includes the Defense Attache System. However, the need for linguists in the production function is growing. To a very limited extent, contract sources are used periodically to provide translation capabilities. The majority of language instruction provided to DIA personnel is conducted by the Defense Language Institute or by a commercial source. Attache students who are bilingual often cross-train into low density languages required to support new mission assignments.

b. Maintenance of language skills is a challenge for individuals working for extended periods outside of the respective language environment. A number of language refresher training materials (e.g., video-tapes, audio tapes, interactive video discs, etc.) are maintained within the Learning Resource Center of the Joint Military Intelligence Training Center, Washington, D.C., and are available to employees on a loan basis. However, outside of the Washington metropolitan area, the availability and distribution of refresher training resources have not been adequate. To address this problem, the Defense Joint Military Attache School is initiating a multi-media language maintenance lab. Through this media, linguists will use stand-alone computers at their local sites to access training offered through the intelligence community on-line language resources, academia, and the Internet. Foreign Language Proficiency Pay, which will be implemented in DIA this fiscal year, will provide financial incentives for civilian employees to maintain or obtain language skills. In addition, the Central Intelligence Agency recently made available its linguist training courses to DoD intelligence personnel.

5. In an effort to ensure the coordination of training and development programs which meet the collective requirements of the Intelligence Community, a Training Directors Consortium was formed. The Consortium meets on a monthly basis to address evolving training issues facing the Intelligence Community, ensuring that those requirements with the highest priority are being addressed. As new training programs are needed, the Consortium looks for one Agency to take the lead to develop the necessary curriculum and deliver training. This forum reviews current programs with the goal of minimizing overlap and maximizing the use of training resources available.

6. DIA is also represented on the following language committees established to ensure the adequacy of foreign language instruction to meet the Intelligence Community needs:

- DCI Foreign Language Committee

- Center for Advanced Language Learning
- Defense Foreign Language Policy Committee
- Defense Foreign Language Requirements Panel

7. A major initiative currently under study to address the challenge of the coordination of requirements and priorities is the development of a community-wide program which will identify and define skills required to perform the various intelligence activities and functions and create an inventory of the skills possessed by the workforce. An important element of the program is standardized definitions and a common architecture which all IC members will understand and use. The program will provide a powerful community planning tool which will facilitate the identification of skills mix requirements, priorities, and existing/projected gaps. It will also improve the focus of hiring, training and development programs.

**Question 18. Status of Unclassified Study of Proliferation Threat.** Several years ago, the Committee requested that DIA produce an unclassified publication--similar to the annual Soviet Military Power document--assessing the proliferation-related activities of other nations. In an August 28, 1995 letter to Senator John Glenn, retiring DIA Director Lt. (Gen) James R. Clapper, Jr, stated that "[d]espite the fact that I have maintained a dedicated team that produced a first rate, Intelligence Community coordinated, draft of the worldwide threat section of the report, there have been two critical policy delays that have prevented the publication from being completed." What is the current status of this report? Specifically what is delaying its publication? When do you anticipate completion of this report?

**Q: What is the current status of this report?**

A: The document was released on 11 April 1996 in a DoD News Briefing. Presenting comments were the Secretary of Defense; Dr. Ashton Carter, the Assistant Secretary of Defense/International Security Policy (ASD/ISP); and LTG Patrick Hughes, Director, DIA.

**Q: Specifically what is delaying this publication?**

A: Between August and November 1995, theater commanders raised some concerns about the proliferation report, which were subsequently resolved at the senior OSD and JCS policy level. The most recent delay was because of the OSD's Annual Defense Report (ADR), which was given production precedence over the proliferation threat report. In addition, the OSD/Executive Secretariat and DIA publication office were both heavily involved in ADR.

**Q: When do you anticipate completion of this report?**



A: The document was released on 11 April 1996.

GLOBAL MILITARY THREATS TO THE UNITED STATES  
AND ITS INTERESTS ABROAD

Statement for the  
Senate Select Committee on Intelligence  
22 February 1996

Lieutenant General Patrick M. Hughes, USA  
Director, Defense Intelligence Agency

INTRODUCTION: Global Conditions - Regional Focus  
Toward an Uncertain Future

I am pleased to provide a Defense Intelligence Agency perspective on the nature of current and future military threats to U.S. interests. This paper will focus on the military dimension in its regional and functional aspects. Last year, the Director of DIA identified three principal issues in testimony before the committee: North Korea as a near term concern; political and military developments in Russia; and, the proliferation of technology associated with weapons of mass destruction as a key longer term concern. These conditions, along with our immediate concern for the support of deployed U.S. and allied forces, particularly in Bosnia, continue to be critical areas of interest for Defense Intelligence. There are several other circumstances around the world which could develop into both regional and strategic military concerns.

TRANSITION: Security in the Post Cold-War Era

First... some thoughts on this period of Post-Cold War transition in which we find ourselves. Transitions are difficult; there is, by definition, a mix of the old and the new. The current transition is particularly difficult because it is not

clear what sort of global security environment is on the horizon. As we look out over the next 10-15 years, there is tremendous uncertainty. We will be faced with challenges which will shape the future and which will play a critical role at the start of the new millennium -- Russia's difficult political-social-cultural transition and its geopolitical future; the outcome of the Middle East peace process; political and military developments in China; and other evolutions of political-military change. We will also have to deal with increasingly blurred distinctions--transnational vs national (regional), war vs conflict short of war, and deterrence vs defense vs offense. The ways in which we think about nation-state relationships are changing; so too are the ways in which we must think about threats to U.S. interests.

Beyond the turn of the century we can expect to see a continued redefinition of what constitutes state power, especially military power. As the percentage of GDP directed to defense continues to drop (with some notable exceptions) and as the world's present day tyrants pass from the scene, the military component of state power will change. It may be reduced in size, but may also become more lethal and more threatening to stability than in the past.

"Threat," like "interest," is no longer a self-evident term. The defense intelligence community has traditionally focused on a primary element of the threat-- enemy forces and weapons systems; clearly that aspect remains. But as military activity extends to missions involving the use of military forces in non-traditional roles, we must adapt our intelligence focus to meet new requirements.

In order to address the challenges that these new conditions dictate, and which

the Intelligence Community must face, we must first understand the full range of potential contingencies we may encounter, from conflict short of war to conventional war to global nuclear war.

= Range of Potential Contingencies

Conflict Short of War:	Conventional War:	Nuclear war:
Peacetime Operations	- Local Conventional War	- Limited Nuclear War
- Military Assistance	- Regional Conventional War	- Global Nuclear War
- Counter Drugs	- Global Conventional War	
- Terrorism		
- Counter Insurgency		
Peacetime Engagements		
Nation Assistance		
Operations Other than War		
Other Operations		
Low Intensity Conflict		
Information Warfare	Chemical/Biological Warfare	

The range of potential contingencies listed above covers the generally accepted spectrum of conflict in which we could become involved. It is most probable that U.S. involvement will occur within the first column... regional conventional war is the breakpoint along the continuum of most likely to least likely to occur. It is possible that some form of chemical (and biological) warfare will occur, generally within the context of very limited use and very restricted kinds of conflict. Chemical/biological and information warfare transcend all of the categories of conflict listed and can occur at any time.

Technological, economic, and societal-cultural changes are taking a toll on many institutions, not the least of which is the "state." With sovereignty weakened by these changes, some governments are finding it increasingly difficult to control events. This phenomenon could also add significantly to the complex task of marshalling the resources to wage war.

"Warning," traditionally focused on Clausewitzian warning of attack, is becoming an increasingly complicated process. In an era of diffusion of power, warning of armed attack is no longer the single critical precursor of military activity. Rather, we also need to warn about subtle changes in the balance of power, as well as other concerns such as environmental hazards on the battlefield and threats to our information systems and conduits.

In a world in which few potential enemies have the option of challenging us with conventional military forces, we must anticipate the increased use of asymmetric options in attempts to attack American will. Options for our adversaries include the infliction of politically unacceptable casualties; terrorist attacks away from the battlefield; taking peacekeepers hostage; the use of nuclear, biological, or chemical weapons against civilian targets; or information warfare attacks against vulnerable networks. We will find it difficult to deal with these challenges in traditional military ways. However, we must always keep in mind the fundamental purpose of our organized military forces -- to fight and win wars against enemies who threaten our vital national interests. We must build and employ a flexible and adaptive military intelligence support system in order to meet the needs of large-scale military threats, while at the same time meeting the military requirements of non-traditional warfare and the new missions the U.S. military has assumed.

A critical element in preserving our military (and diplomatic) options and ensuring that we have dominant military power, is to ensure the security of vital information and to deny opponents access to our plans, intentions, and true capabilities. This fundamental premise is under assault by broad access to unprecedented levels of information and by hostile efforts to acquire key military intelligence. We must remain vigilant to this threat.

#### Emerging Trends of Military Significance:

The following are important trends in the global condition which have military significance:

The Global Village Phenomena: The "Global Village" is evolving into an information-technology based social order with broad universal application, thus reducing some points of friction and conflict while at the same time exacerbating others. Characteristics of the "global village" include less restrictive borders, more open societies, travel, interconnected communications, integrated economic systems, and a universal marketplace. On balance these are positive changes.

Cultural Change With Security Implications: A variety of cultural changes have and are occurring which have widespread effect on regional and global security conditions. Drug production and use, illegal monetary transactions, weapons trade, technology transfer, environmental change, competing cultures, and rising crime, combine to cause change in the social order.



Economic Determinism: Rising population and changing expectations combine with real resource shortfalls to impede progress and constrain productive growth. Conversely, in some cases exceptional economic progress occurs.

Political Deconfliction: Global ubiquitous communications, rapid global transportation, and transnational mass media are facilitating diplomatic efforts to deconflict potential conflicts before they flare into significant violence. Conversely, when deconfliction fails in this environment, the resulting conflict is likely to be more insoluble than in the past.

Societal Concerns: Changing circumstances with regard to religion, culture, and language are narrowing gaps between nation-states and regions. This exacerbates problems between some groups.

Regional Renegades: A group of nations and transnational entities have engaged in activity which places them outside the commonly accepted international norms of behavior. Some of them use extreme violence as an element of institutional power. These rogue states are likely to be adversaries.

Ethno-Linguistic Pan-Nationalism: Groups with political identities are emerging along ethnocentric, theocratic, or linguistic lines, which in some cases parallel tribal divisions dating from antiquity. Often these groups are in opposition to artificially constructed political borders which divide cultures and people. This phenomenon has been and is likely to be a source of conflict.

Critical Uncertainties: There are critical conditions extant including large-scale environmental or natural disasters, pandemic disease, and technological innovations, such as the advent of personal automation systems, which have and will change the social order and culture in fundamental ways. Iterations of these changes will occur in the future.

Other Dynamic Trends: These include changes in the real values of time and space brought about by improved communications and transportation; the rise of new regional power centers and alliances; and pressures from and for change on social and cultural circumstances, as well as on individual people.

All of the trends, conditions and changes which have been noted are bringing a variety of positive and negative pressures to bear on the fabric of the global security environment. Some of these pressures will lead to conflict in the future. The nature of future conflict can, in part, be extrapolated from an understanding of these evolving circumstances. Taken together these circumstances represent a formidable set of challenges for the future. They will be exacerbated by unanticipated change. The resulting conditions may be a combination of several of these circumstances and may be very dynamic. Most future conflicts will be regional or localized.

#### Characterizing the Threat

Turning to a more precise characterization of emerging threats, in general, they will be conditional and circumstantial. Thus the need to try to focus on and understand the conditions extant. The nature of potential and actual conflict, and

the dimensions of it, will vary broadly based on location and circumstance...along the range of potential contingencies and the wide variety of emerging trends of military significance.

Conditions which threaten U.S. vital national interests can be generalized as:

- Ideology inimical to democracy
- Denial of access to resources and markets
- Regional instability
- Military threats/weapons proliferation
- A combination of any or all

An antithesis of democracy does not seem to be emerging as a future condition, but there are many shades of political grey, some of which are at odds with our values and principles. We must have fair market access to the resources and markets of the world. In some cases, such as the need for oil, the denial of such access carries with it unacceptable consequences. Ethnic and religious differences continue to result in regional instability. Military capabilities, notably those involving weapons of mass destruction, of nations and alliances who oppose the U.S., constitute a potential threat to our interests.

It is imperative from an intelligence perspective to understand the components of the military threat, in the context of the conditions in which the threat occurs. These components are capability, intent and will. In most cases, with the exception of some technology leaps, the U.S. Intelligence Community has enough information to measure and understand the capability of our adversaries. Intent is another matter. Without indwelling or invasive sources, we cannot adequately anticipate or understand true intent. Will is constantly in flux; it is a function of changed conditions as well as the emotions and perceptions of leaders.

Understanding military threat is a direct function of intelligence of all types: economic, political, environmental, and specifically military, brought together in a dynamic all-source portrayal of overall conditions and circumstances. Understanding the military threat paradigm of the future will include not only traditional intelligence practices, but also a new approach to the threat including a recognition of the changing nature of the operational environment.

The paradigm has shifted from Cold War "enemies" to global competitors and adversaries. Categories of the new paradigm include :

Compliant Competitors - Nation-states or transnational entities who generally conform to U.S. values and interests, and who can be viewed as military allies.

Non-compliant Competitors - Nation-states or transnational entities who do not generally conform to U.S. values and interests but who are not military adversaries. They may be in opposition to the U.S. political, economic, and strategic goals, but do not engage in violence. Circumstantially, they may engage in policies or acts which compromise or endanger U.S. security interests.

Renegade Adversaries - Nation-states or transnational entities are those who engage in unacceptable behavior, frequently involving military force and violence, and are potential or actual enemies of the U.S., against whom we must consider the active use of military force.

Emergency conditions which require a military response - these conditions may involve humanitarian disasters, attempts at deconfliction of warring groups, and the restoration of civil control, often in threatening and sometimes lethal conditions. The control and support of refugees and displaced persons may be among the more significant challenges we will face in the future.

In the shifted paradigm, renegade adversaries are potential or actual enemies, while competitors may become our opponents circumstantially. Emergency conditions will exist in many locales and the range of contingencies that they represent may be characterized as operations other than war or conflict short of war. Some emergency conditions may be exceptional, such as the use of military force to deter the catastrophic destruction of natural resources or the environment, or to control civil populations in which the existing social order has become ineffective.

Emerging reality is complex, varied and comprised of dynamic conditions and circumstances. Emergency conditions will exist; renegade adversaries do and will exist - most will be regional/local in scope; renegade adversaries may become enemies; "threats" will emerge.

Key trends in military technology will enhance the threat of the future. The importance of applied automation and computers to future advances in military technology make information warfare a key military intelligence issue. Electromagnetic warfare, brilliant sensors and other forms of techno-war are also important. The advent of revolutionary military technology is bringing fundamental change to the nature of warfare, including the nature of threat conditions. The technologies and attendant military developments embodied in the following lists signal the rise of a military techno-culture in which time, space, speed, and other fundamental conditions are radically changed:

Nuclearization	Information and Cybernetic Warfare
Electromagnetic warfare	Applied Automation
Precision Munitions	Medium and long range missiles

Weaponized chemical capability	Advanced barrier technologies
Electrochemical weapons	Camouflage, Cover, Concealment, Deception,
Anti-missile technologies	and Denial (C3D2)
Anti-aircraft technologies	Hyperspectral Sensors
Techno-terrorism	Brilliant sensors and all-source fusion
Enhanced LPI/enciphered comms	Technology-aided espionage

#### REGIONAL THREATS

Before turning to the specific issues that the Committee requested be addressed, let me note some positive aspects related to the security environment confronting the United States. Currently, we see no danger that a conventional threat on the scale of the Former Soviet Union is going to reemerge in the next 15 years. Indeed, there are a number of favorable trends around the globe that need to be juxtaposed against the military and security concerns this paper addresses. The world is spending less on military capabilities than it did in the late 1980s. There are some 8 million fewer men and women under arms. Weapons production has slowed dramatically, and the worldwide military industrial complex is contracting. Geopolitically, most rogue states are isolated, largely without external patrons. Some are on their last legs. In an interesting and positive change, Russian forces are participating in a NATO peace enforcement operation in the Former Yugoslavia.

The world is still a dangerous place. But, in reviewing the nature of the threats confronting our interests, we shouldn't lose sight of the positive impact these changes (trends) have had on the overall risk equation for the United States.



## FAR EAST

## North Korea

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DIA continues to assess that the North Korean regime sees its best chance for survival in continued limited cooperation with the West; this has been reflected by continued progress on the nuclear agreed framework. However, given the military posture on the ground, deteriorating internal economic and social conditions, and the unstable nature of the country's leadership, potential conflict on the Korean peninsula remains our primary near term concern. The security situation over the past year has grown increasingly complex, and we must now watch for signs of both "explosion" and "implosion."

North Korea has continued to take actions consistent with its avowed "war preparations" campaign designed to give the North the option of unifying the Peninsula by force; hence, our continued concern with "explosion." Over the past year, continued movement of long range artillery and missiles to forward units and the deployment of some aircraft to forward airfields are noteworthy, further limiting our ability to provide adequate warning of North Korean attack. Though we do see diminished readiness in some units because of shortfalls in both training and sustainment, the military posture remains very dangerous.

Beyond this concern with large scale attack, the internal situation in the North complicates our analysis; we must now watch more closely for the possibility of "implosion." The dire state of the economy and the fluid political situation have given rise to increased levels of instability and internal unrest in North Korea.

As a result, actions taken by the Kim Chong-il regime to clamp down on security and to militarize elements of the civil government and the economy have a disturbing quality to them. Whether these changes reflect a North Korean leadership concerned about its own control, or are indicators of preparations for war, it is clear that the situation is volatile and increasingly unpredictable. Time and distance factors and the large civil population and economic centers which are at risk in South Korea make this circumstance especially dangerous.

#### China

We are closely monitoring the military posture of China, especially its military activity opposite Taiwan. Exercises conducted last summer and fall, particularly missile launches north of Taiwan, were clearly intended to warn the Taiwan government against further steps toward independence. There are elements within the Chinese leadership that favor increasing the pressure on Taiwan. This situation is likely to grow increasingly tense leading up to, and beyond, Taiwan's presidential election in March of this year.

We are also closely watching improvements in the Chinese military that stem from its growing defense spending. Most of China's military suffers from weaknesses in force projection, logistics, training, and command and control; for the time being, these effectively limit Chinese military capability. It is clear that the PLA is intent on addressing many of these shortfalls in hopes of being able to conduct what it refers to as "local wars under high tech conditions." But even with increased defense spending, China is finding it necessary to make tradeoffs, evidenced by the fact that they recently announced a 500,000 man cutback in the size

of the PLA. However, as part of its overall force development process, China is steadily and deliberately modernizing its military. The strategic nuclear force is expanding; we expect to see steady growth in this force. China will also maintain a deterrent, second strike capability. In the conventional arena, China is moving along two tracks, emphasizing indigenous production, but also purchasing modern military equipment (for example SA-10 SAM systems, SU-27 fighters and Kilo submarines from Russia) and dual use technologies.

There are those who speak of China as a future "peer competitor" of the United States; in our view this would only be possible in the very distant future -- certainly beyond 2010. At best China is going to enter the new millennium with relatively small but key portions of its force equipped with capable weapons; but, much of the force will still be very old. It remains to be seen how successful this military will be in the assimilation of newer technology into its armed forces.

#### EUROPE

##### Russia

The political and military future of Russia is one of our principal long term concerns; not because of the potential for a sudden resurgence of the classic Soviet military threat to Europe, but because the evolution of political change in Russia, particularly the election this June, will be the key to determining internal stability in Russia, as well as how Russia deals with its neighbors in the near abroad and the rest of the world. We expect a continuation of the trend of the last few years -- a more nationalistic Russia, motivated by a desire to reestablish great

power status, that is willing to take positions that are at variance with the interests of the United States. Russian desires, however, will be tempered by a struggling economy that, for the foreseeable future, will not support significant increases in military spending.

Militarily, we assess that Russia's strategic nuclear forces remain under the central control of National Leadership and the General Staff. Drawdowns continue, and the Russians are ahead of schedule in meeting their START I obligations. START II ratification faces some opposition and may not occur before the Presidential elections. Irrespective of START II, however, we believe a combination of economic considerations and increased technical obsolescence among parts of the Russian strategic force will drive the Russians well below START I warhead levels; some Russian sources have suggested that they won't be able to maintain START II levels. The strategic military forces are not immune to the problems afflicting the entire Russian society; however, Russia is continuing to maintain a significant nuclear force, and to engage in a relatively robust training program. The continued deployment of the SS-25 road-mobile ICBM and development of new strategic systems reflect continued national commitment to strategic nuclear capability.

Conventional capabilities continue to be severely limited by a combination of shortfalls in manning, training, readiness, and logistics. There are select units that are mission capable in all components of the general purpose forces; for example, we have seen limited, but high profile submarine operations this past year, and the Russian military response in Chechnya and elsewhere provides ample evidence that some elements remain combat ready. But overall, as has been evident in operations in Chechnya, this is not a healthy force. As the Russians have

acknowledged, the problems are severe and cross all Services: pilots flying as few as 40 hours a year; modern aircraft being cannibalized for parts and primary components; ships rusting at port; submarines suffering from maintenance shortfalls; ground forces training at very low levels; and virtually no new armor being purchased.

The Russian military remains committed to ensuring the capability to conduct operations on its periphery.

#### Bosnia

A major immediate concern is the safety and security of our troops in Bosnia. In the short term, we are optimistic. We believe that the former warring factions will continue to generally comply with the military aspects of the Dayton Accord and IFOR directives. We do not expect U.S. or allied forces to be confronted by organized military resistance, but the force (IFOR) will have to contend with mines and various forms of random, sporadic low-level violence; this could include high profile attacks by rogue elements or terrorists.

Despite the relatively modest threat confronting IFOR, the overall strategic political goals of the former warring factions have not fundamentally changed. Without a concerted effort by the international community, including substantial progress in the civil sector to restore economic viability and to provide for conditions in which national (federation) political stability can be achieved, the prospects for the existence of a viable, unitary Bosnia beyond the life of IFOR are dim. In the longer-term, the key determinant in establishing stability in the region

will be the degree to which the former warring factions can develop an international political identity which is respected by their neighbors.

In the meantime, we see a number of key problems:

- Efforts by the Muslim-led Bosnian government to assert authority over the whole of Bosnia will be resisted by both the Bosnian Serbs and Bosnian Croats.
- The Bosnian Serbs are likely to consolidate their hold on Dayton Accord territory (Republika Srpska) and work to increase autonomy from the Sarajevo government. They will probably seek some form of political confederation with the Federal Republic of Yugoslavia.
- The Bosnian Croats will continue to work toward "defacto" integration with Zagreb.
- Tensions between the Bosnian Muslim and Bosnian Croat communities are likely to increase over time, threatening the Federation.
- Civil affairs activities, to include the holding of elections and repatriation of refugees, will be delayed or stymied.
- Unsolved problems and tensions persist in Kosovo, Macedonia and elsewhere in the Balkans.

All of this suggests that the IFOR operating environment will grow more complicated in the summer and fall of 1996.

#### MIDDLE EAST AND SOUTH ASIA

##### Iraq

We continue to monitor closely the threat posed by Iraq and Iran. The Iraqi



military continues to suffer from the results of DESERT STORM and over 5 years of UN-imposed sanctions. Saddam has succeeded in rebuilding some military capabilities, but the military's rejuvenation appears to have peaked, and the Army continues to suffer major shortcomings in morale, readiness, logistics, and training. Iraqi disclosures and UN Special Commission discoveries following the defection of the late Lt Gen Husayn Kamil Hasan al-Majid in August 1995 have substantiated our earlier conviction that Saddam was concealing missile and WMD programs and capabilities. Full disclosure has yet to occur. Some discovered capabilities, particularly in nuclear and biological warfare, exceeded our earlier estimates in both scope and level of progress. We continue to be concerned about Iraq's ability to move large ground units rapidly, as it did toward the Kuwaiti border in October 1994. Controlling Iraq's offensive military capability is directly related to three factors: continued enforcement of sanctions; the forward presence of U.S. military power to deter and, if necessary, to defeat Iraqi aggression; and the critical role of intelligence in monitoring Iraqi military developments and providing warning to U.S. the National Command Authorities. Until a change in the government of Iraq occurs, this nation will continue to pose a threat to U.S. interests in the Gulf, and to the Kurdish people in the north of Iraq.

#### Iran

Iran is neither interested in nor capable of directly challenging the United States military. Its primary goal is to achieve some level of regional hegemony and to assert its perceived role as a Pan-Islamic leader in order to achieve these goals, Iran is emphasizing extremes of the threat spectrum: an unconventional threat facilitated through subversion and terrorism directed against competitors in the Gulf

and U.S. interests; and a continuing program of acquisition and development of missiles and weapons of mass destruction that could yield an indigenously developed nuclear weapon. We continue to speculate on the timing of this achievement, but with outside technical assistance and materials, Iran can develop a nuclear weapon.

Iran's conventional buildup is focused primarily on its capability to control access to the Arabian (Persian) Gulf through the Strait of Hormuz. Two Kilo submarines, Chinese antiship cruise missiles, and improved aerial refueling capability all attest to that interest. The buildup has been slowed by serious economic problems and international supplier restraint, with deliveries of foreign equipment in 1995 falling to approximately \$250 million, the lowest in a decade. Iranian conventional forces have serious shortcomings in command and control, spare parts, and training; increasingly obsolescent equipment, an aging cadre of well trained pilots, and inadequate air defense coverage are also problems. While the Iranians recognize many of these problems and are slowly attempting to address them, we expect the military to continue to suffer from many of these shortcomings. However, recent agreements with Russia, China, and North Korea involving military capabilities, ranging from nuclear technology to mines, are indicative of our continuing assessment that Iran is building an offensive military capability much in excess of its defensive requirements. We will be challenged over time by a hegemonistic Iran which will seek to dominate the region.

#### South Asia

India and Pakistan remain a significant concern because of the presence of very large forces in close proximity across a tense line of control, as well as their

possession of ballistic missiles and their pursuit of weapons of mass destruction. New Delhi's reported preparations to test a nuclear device exacerbate an already tense rivalry and pressure Islamabad to undertake similar developmental action. Both Pakistan and India recognize that war is not in their interest; however, contention between them remains a potential flash point because of the danger of miscalculation and the prospect for a rapid escalation of crisis.

#### TRANSNATIONAL AND SUBNATIONAL CONCERNS

Security challenges associated with transnational and subnational forces and events are among the most important aspects of the Post Cold War transition -- indeed they reflect many of the characteristics alluded to in the introduction: a breakdown of the traditional nation-state, a diffusion of power, and the probability of asymmetric responses to U.S. military dominance. There is intense pressure in some regions to initiate or perpetuate the kinds of conflicts we have seen in Africa, Russia, and the Former Yugoslavia. These conflicts are generated by ethnic divisions, religious extremism, transnational crime, ultranationalism, unconstrained population growth, rapid urbanization, migrants and refugees, and an increase in deadly diseases, and other similar negative conditions. Conflicts stemming from these problems represent a tremendous challenge for the U.S. and for Defense Intelligence.

These emerging global conditions have impacted U.S. and allied military interests, including a wide variety of issues such as communications, commerce, the growth of violence perpetrated by organized crime, terrorism, and organized military forces engaging in conflict between nation-states. We are affected by moral

concerns, and by the western propensity to intervene in gross humanitarian crises or human injustices. We are also affected by a new family of emergent threats which include unique forms of conflict such as information warfare and the widening proliferation of weapons of mass destruction. These evolving conditions are part of the changing nature of what we may characterize as the global security environment.

#### WMD/MISSILE PROLIFERATION

The proliferation of technology and critical materials associated with weapons of mass destruction remains one of our primary long term concerns. As an example of this problem, we have now verified the development of the Iraqi nuclear program up through Desert Storm, learning that Iraq had conducted a crash effort in 1990 to extract HEU from reactor fuel; if sanctions are lifted, we expect this program to be resumed with the core of scientists and engineers still in Iraq. We now know that Baghdad had a more extensive chemical warfare effort than originally believed, including the production of VX and binary sarin for delivery by artillery, rockets, and aerial bombs. Iraq had an extensive biological agent production and weaponization effort and succeeded in hiding at least some ballistic missiles, engines, and related equipment from inspectors. We now have this information because of the invasive U.N. inspection regime and because of disclosures by Iraq, and not through traditional intelligence sources. This points up the difficult nature of collecting information on weapons of mass destruction and related technologies, notably in countries like Iraq.

The Intelligence Community has concluded that no country, other than the major

declared nuclear powers, will develop or otherwise acquire a ballistic missile in the next 15 years that could threaten the contiguous 48 states; only a North Korean missile in development, the Taepo Dong 2, could conceivably have sufficient range to strike portions of Alaska or the far western Hawaiian Islands.

Previous thefts of small amounts of weapons-usable materiel from the FSU highlight our concern with proliferation of nuclear capability. We believe the Russians are making progress in securing such materiel, but unfortunately, because of the turmoil and corruption in Russian society, this problem will continue to exist for years.

Currently, approximately 2 dozen countries remain actively engaged in the development of nuclear, biological, or chemical weapons. We do not expect that number to grow substantially. Nevertheless, we expect that many of the countries of principal concern, particularly in the Middle East, will continue to increase the sophistication of their programs, for example by mating warheads to longer range missiles.

Currently approximately 10 countries worldwide have operational theater ballistic missiles with ranges greater than 500km. By the end of the first decade of the next century that number could grow to 15.

#### CONVENTIONAL WEAPONRY

Defense industries around the globe are adjusting to economic realities. Declines in defense budgets of the major defense industrial powers continue to take

a toll on major weapons systems development and production. Faced with declining procurement funds, most countries will confront a reverse "bow wave" at the end of this decade or the beginning of the next. The responses to insufficient procurement funds have been mixed: planned buys are being cut back, developmental timelines are being extended, diminished technological sophistication is being accepted, and systems are being cancelled outright. Although the worldwide arms market probably bottomed out last year, we see little chance of substantial growth in the near term.

The situation in Russia remains important because of the potential proliferation of very advanced weapons. However, the Russians are in a difficult position because of the precipitous decline in their defense budget -- down something like 75 percent from that of the Former Soviet Union in the late 1980s. The picture is complicated because very advanced systems remain in various stages of research and development. At the same time, 4th and 5th generation systems (including aircraft, submarines, helicopters, and tanks) are suffering development and production delays. We expect to see continued slippage and increased cancellations as the Russians attempt to come to grips with economic reality; that will continue the rest of this decade.

Very advanced weapons are currently available from several sources to anyone who can pay. While that market remains soft, that can change based on demand. In the past, some countries tended to not export their best equipment, but they are now willing to sell their most capable systems; moreover, they are willing to engage in extensive offsets, technology transfer agreements, barter, and bribery to get deals. Because many countries are unable to afford the steep price tags for state-of-the-art systems, we continue to note countries interested in upgrade programs and indigenous



production arrangements; this will be an enduring challenge to the Intelligence Community because older platforms can be enhanced, for example by including late generation avionics and weapons packages on older aircraft. These upgrades can be difficult to detect.

## TERRORISM

Defining terrorism is going to be increasingly difficult. The demarcation between terrorist groups, warring factions in ethnic conflicts, insurgent movements, criminals, and anarchists will increasingly blur. Longstanding ethnic, ultra-nationalist and religious-based terrorist groups will continue to employ violence while new causes and organizations undoubtedly will emerge. Terrorist incidents perpetrated by non-permanent groups of individuals united temporarily by a common goal, such as those involved in the World Trade Center bombing, may also increase. State sponsorship of terrorism is likely to continue and will remain among the most serious challenges to U.S. interests.

As a result of increased economic disparity in some regions, we can expect to see increased alienation and some growth in related terrorist and insurgent activity. Attacks against commercial interests may also increase, with terrorist attacks becoming less discriminate and often directed against economic targets.

Terrorism is likely to be a prominent reflection of the increase in the global diffusion of power; thresholds of violence will become lower and less discriminate. However, we do not expect to see a significant departure from conventional terrorist methods of operation and weaponry. Information concerning the use of chemical or

biological weapons can be obtained from numerous sources, but the risks attendant to using such weapons remain high and we do not expect to see a substantial increase in their use. However, the Japanese example of poison gas in subways and other chemical and biological capabilities being considered by the Aum Shinrikyo Sect are indicative of the potential for such threats to occur in the future.

#### NARCOTICS

Along with the threat that drugs pose to U.S. citizens, international illicit drug trafficking will increasingly threaten the stability of some governments by providing immense sources of revenue to organized criminal elements worldwide and to coincident insurgent and terrorist groups. The trafficking-induced climate of violence and corruption in these countries will inhibit normal economic, social, and political development --- exacerbating instability over time.

The illicit drug trade will adversely affect legal economies by inducing people to work for illegal enterprise rather than for legitimate business. Drug related corruption will exercise a corrosive influence on the stability of democratic government, as it has in Colombia and in Mexico. Additionally, traffickers and drug-funded insurgents/terrorists in some nations will threaten U.S. citizens working for international businesses and U.S. official personnel supporting highly-visible counterdrug efforts, particularly in the Andean cocaine source zone and, increasingly, in some other significant drug trafficking zones such as Southwest Asia and portions of the Middle East. The possibility of the rise of more powerful criminal cartels, supported in some measure by drug-trade profits, must be considered



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a threat to vital U.S. interests.

#### CONCLUSION:

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Critical uncertainties abound. Over the next few decades, there will be many more than indicated here. However, the possibilities preserved in this statement are enough to keep any strategic thinker and planner busy for years. One critical uncertainty, the management of regional power shifts, will be an enduring challenge throughout. One aspect of this will be the changes in leadership that will occur, which in some cases will likely lead to radical changes in political (and attendant military) direction for a nation-state or group.

Transnational groups, including criminal syndicates, also frequently change leadership. The question is, who will emerge at a critical time and become a threat to our interests? There will be several other elements of concern in managing power shifts, such as regional or localized changes in the balance of power, economic peaks and valleys which have strategic consequences, and conflicts which destabilize nations and regions.

Finally, just a few possibilities to think about, although there is no clear evidence or supporting data which would prove their existence. However, historical data often "proves" the possibility. "Ponderables" to consider are:

- Catastrophic environmental events which may so radically change our current capabilities that they will have revolutionary effect.
- Leaders rising to exceptional power and influence.
- Technology leaps which make contextually current capability obsolete

I want to end by emphasizing the changing nature of the threat to U.S. vital national interests. Clearly there remain rogue states that will attempt to challenge us in conventional ways and we must always remain attentive to the traditional military threats that are the mainstay of Defense Intelligence analysis. But as we progress through this transition and into the future, we are being confronted with a wide range of different problems stemming from the broad changes in the global condition, including a challenging array of regional and transnational threats that are sweeping the globe. These threatening conditions, and the hopeful and positive aspects of our assessment, are propelling us into an uncertain and demanding future. We in Defense Intelligence remain committed to providing the best possible military intelligence support for U.S. and allied military forces and decisionmakers.

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